



Daily Report

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General

UN Official on Israeli Acts in Occupied Areas *OW051417 Beijing XINHUA in English 0229 GMT 5 Feb 88*

[Text] Geneva, February 4 (XINHUA)—A senior Chinese official today strongly condemned Israeli authorities for their persecution of Palestinians in the occupied territories and called on the international community to give the Palestinian people more sympathy and support by exerting more pressure on Israel.

Chen Shiqu, China's alternate representative to the United Nations office at Geneva, said at the 44th Session of the Commission on Human Rights that Israeli authorities had stepped up their activities violating human rights and fundamental freedoms in the occupied territories.

He noted that in less than one month between early December and the end of last year, dozens of Palestinian inhabitants were killed, hundreds of them wounded, thousands of them arrested and many deported. "Such barbarous acts are still continuing to this day," he added.

Chen said that Israeli authorities have long maintained their illegal occupation of the Arab territories with bayonets, attempting to deprive the Palestinian people of their legitimate national rights and to annex the Arab territories by resorting to brutal persecution, bloody massacre and other means.

He said Israeli authorities had not only caused tragedies to the Palestinian people, but also jeopardized the peace and stability of the whole world and greatly harmed the justice and conscience of mankind.

He reaffirmed China's long-standing position that demands Israeli authorities immediately stop their persecution in the occupied territories, terminate their occupation of Palestine and withdraw from all the Arab territories they have occupied since 1967.

Contingent Departs for Winter Olympics *OW070924 Beijing XINHUA in English 0822 GMT dd 7 Feb 88*

[Text] Beijing, February 7 (XINHUA)—A 15-member Chinese skating and ice dancing contingent left here today for the 15th Winter Olympic Games which is to start on February 13 in Calgary, Canada.

The games, bringing along some 1,750 athletes from 57 countries and regions, has been regarded unprecedented as the participating numbers and gold medals are counted.

The uprising Chinese boys and girls will compete in three of the total ten events—speed skating, figure skating and cross-country skiing.

It is also informed that Chinese Taipei will field 11 skaters to join in the Calgary games.

United States & Canada

Commentary on U.S. House Vote on Nicaragua *HK060901 Beijing RENMIN RIBAO in Chinese 6 Feb 88 p 6*

["Short" commentary: "What the U.S. House Vote Shows"]

[Text] The Reagan administration's aid request for the Nicaraguan contras has been vetoed by the House of Representatives. As a result of this veto, the Reagan administration will not be able to continue to send aid to the contras during its last year in office. This is without doubt a serious setback for the Reagan administration's Central America policy.

What is revealed by the Reagan administration's defeat in this showdown with Congress?

First of all, aid for the contras is approaching its end as a major component of the Reagan administration's Central America policy, and it is extremely unpopular. The Reagan administration resorted to some extraordinary steps to win the support of congressmen in this key vote, by repeatedly reducing the amount of aid requested from an initial \$270 million to \$36 million and also attaching certain conditions to the 10 percent comprising military aid. Before the vote, President Reagan personally canvassed those congressmen who were taking a wait-and-see attitude. Yet the request was vetoed despite all this. This fully shows that the policy of the U.S. authorities of stubbornly interfering in Central America has not only been condemned by the great majority of countries internationally but is also opposed by a majority domestically. This U.S. policy of obstinately clinging to its course in Central America has no future whatever.

Second, the policy pushed by the United States of supporting the Nicaraguan contras has only heightened the tension in Central America, runs counter to the interests of the people of the region, and goes diametrically against the present trend there. Everyone can see that through the Contadora Group and various summit meetings, the Central American countries in recent years have stepped up political negotiations and made efforts to reach a peaceful solution of the Central American problems. These peace efforts are making progress right now, and this has been welcomed and supported by the international community. Resolutions on Central America adopted by the UN Security Council have expressed strong support for the peace efforts of the Central American countries. In these circumstances, the move of the U.S. authorities of stubbornly pushing through aid for the contras, heedless of international opinion, has damaged the peace process in Central America and caused tension and turmoil there. This has not only been resolutely opposed by the people of Nicaragua but is also

opposed by the Latin American states. An important part of the peace agreement on Central America reached by five Central American leaders last year consisted of opposing the provision of aid for the contras by outside forces such as the United States. Facts have shown that things that run counter to the people's desires and the tide of history always come to grief in the end, no matter how great the strength involved.

Third, Central American problems can only be solved by the countries of the region themselves through peaceful consultations. All forceful intervention by foreign countries is bound to encounter ever stronger opposition. It is no longer possible for the United States to regard Latin America as its backyard and behave in an unbridled fashion there. One way of resolving the problems between the United States and the countries of Central America is for the United States to give up its interventionist policy and support the peace efforts of the countries in the region, so that the peace process may proceed smoothly. This is in the interests of the United States as well as of the countries and people of Central America. More and more people in the United States have also started to understand this point. The message given in the House vote has also made this clear.

Following this congressional vote, it is still hard to say whether the U.S. Government will be able to understand all this and proceed to change its course and abandon its interventionist policy. Maybe it will resort to various methods to push through this unpopular policy. However, no matter what, something will be gained if those in the White House who formulate foreign policy can truly learn some lessons from this "mortal blow."

Roundup on Reagan's 'Setback' on Contra Aid
OW051240 Beijing XINHUA in English 1037 GMT
5 Feb 88

["Round-up: A Major Setback in Reagan's Central American Policy (by Shi Lujia)"]—XINHUA headline]

[Text] Washington, February 4 (XINHUA)—U.S. President Ronald Reagan suffered a major setback when his 36 million dollar aid package for the anti-Sandinista contras was defeated Wednesday in the House of Representatives.

The defeat of Reagan's contra-aid proposal, though only by a vote of 219 to 211, demonstrates that Reagan's Central American policy has become increasingly unpopular both inside and outside the United States.

Providing ammunitions and other forms of aid to the contra rebels with a view to overthrowing the legitimate Sandinista government has been a longtime priority here. Since 1981, the Reagan administration has furnished more than 200 million dollars to the Nicaraguan rebel, and has facilitated a great deal of covert assistance through secret channels.

Such blatant interference has intensified the civil war in Nicaragua, and has brought disaster upon the Nicaraguan people. It also has become a principal cause of Central America's volatile situation.

The Nicaraguan Government has demanded that the United States stop its intervention and has repeatedly called for a direct dialogue with the Reagan administration. Other Central American nations have also expressed dissatisfaction with Reagan's aggressive policy.

After the signing of the Central American peace accords last August, the Sandinista government adopted measures looking toward national reconciliation and peace, and marking a hopeful beginning of the peace process in Central America.

Under such circumstances, the Central American nations and the international community began exerting pressure on the United States to halt its aid to contra rebels and to give peace a chance there. The remarkable peace progress in Central America over the past several months also intensified the debate in the United States.

Many congressmen, principally Democrats, argued that continuing to supply arms to the contra rebels would only escalate Nicaragua's civil war and block the momentum toward peace in the region.

Long before Wednesday's vote, House Speaker Jim Wright Jr. warned the President that he had enough votes in Congress to reject the package, but, in spite of this strong opposition, the White House refused to change its stance.

President Reagan received many congressmen, and went on television to promote the "historic significance" of his proposed aid to the contras.

Ironically, however, the three major television networks in the United States, in an unprecedented decision, decided not to broadcast the President's speech live on the ground that it contained nothing fresh and therefore had little news value. This was the first time in history that an incumbent U.S. President was so rejected when he wished to appear on television.

Under the rules of the House of Representatives, the President will not be entitled to renew his Nicaraguan aid proposals during his remaining months in office. However, it is reported that the government is now seeking other channels to funnel funds to the contra rebels.

In a statement today, President Reagan emphasized that his commitment to the contras remains unchanged, and that he will continue to consult with Congress to find ways to pursue his Central American policy.

Reagan, it seems, will not give in, and this fight is likely to go on and on.

Court Nominations Show 'Declining Influence'
*OW062333 Beijing XINHUA in English 1848 GMT
3 Feb 88*

[Text] Washington, February 3 (XINHUA)—The U.S. Senate today confirmed by a vote of 97-0 the nomination of Anthony Kennedy as Supreme Court justice.

The 51-year-old Kennedy is the third choice of U.S. President Ronald Reagan to fill out the Supreme Court. He is generally regarded by the senators as a conservative judicial professional without a rigid ideology.

The Senate rejected last October Reagan's first choice of former appellate judge Robert Bork, who was considered by a majority of the Senate as too ideologically rigid.

Reagan's second nominee, Douglas Ginsburg, withdrew from consideration after admitting he smoked marijuana while a law school professor.

The showdown between Reagan and the Senate over the Supreme Court nomination has been widely interpreted as a decline of President Reagan's influence in his last years of the presidency.

Yeutter in Hong Kong on Trade With Far East
*OW051434 Beijing XINHUA in English 1305 GMT
5 Feb 88*

[Text] Hong Kong, February 5 (XINHUA)—U.S. Trade Representative Clayton Yeutter urged Japan today to promote internal growth, relieve pressure for export and reduce surplus.

Ambassador Yeutter arrived in Hong Kong this morning after a five-day visit to Beijing and Shanghai. Speaking at the American Chamber of Commerce luncheon here, he talked about U.S. trade relations with the Far East.

He said partly as a consequence of the impressive Asian penetration of the United States market, the U.S. maintains massive trade deficits with Asian nations. This year the U.S. trade deficit is estimated at 170 billion U.S. dollars, "over two thirds of the U.S. trade deficit is with East Asia alone," he said.

He said that despite the enormous advances that Japan has made during the last four decades, it continues to pursue policies that would be more appropriate for a less developed country.

"Japan's export drive and import aversion have created massive economic distortions throughout the world and in Far East. No country has benefited more from the post

World War II openness of the world trade system than Japan, yet no development has endangered that system more than the Japanese accumulation of massive trade imbalances," he said.

On China, he said: "For the past several years China has been carrying out an ambitious program of economic reform, which includes opening its economy to the West and expanding its role in the international trading system. This is an historic development as modern China would be able to make significant contributions to the world economy."

"I am optimistic about China's future. Its development has a long way to go, but China has already made enormous strides. Indeed, only a decade ago there was virtually no trade between the U.S. and China. Now it is our 15th largest trading partner," he said.

Commentary on U.S. Policy Towards Israel
*OW070545 Beijing in English to North America
0300 GMT 4 Feb 88*

[Luo Chao commentary]

[Text] The United States said literally that the United Nations draft resolution expressed concern about Israel's violation of human rights in the occupied Arab territory. But this is the second time in less than a month that Washington has used its Security Council veto. Here is Luo Chao with a commentary:

Last November the U.S. representative to the United Nations said no state, party, group, cause, ideology, or ideal can justify the systematic abuse of the basic rights of human beings. He also said double standards, hypocrisy, [word indistinct], and cowardice have no role in human rights. But on Monday, by using its veto it was none other than the United States itself that adopted a double standard on Israel's violation of the rights of the Palestinian people. He said the draft resolution was widely considered to be relatively mild in that no strong words condemn or deplore Israel's action at Beirut. He even said the moderate draft was not acceptable to the United States, which usually claims to be a guardian of human rights. Therefore, people have reason to believe that the United States shows no hypocrisy and is dealing with the human rights issue, and Washington's action is unconvincing with the Israeli abuse of human rights.

The U.S. ambassador to the United Nations said in his explanatory statement that the resolution could detract from diplomatic efforts already under way to deal with the current unrest in a practical way. He said the current situation in the West Bank and the Gaza Strip is a symptom of the failure to achieve a solution to the Palestine issue. But it is widely accepted that a failure of international efforts for peace in the area was caused by the strong support the Israeli Government has received from the United States. Israeli troops continue to occupy

the Palestinian and other Arab territories and refuse to recognize the Palestine Liberation Organization and reject Palestinians' right to self-determination.

The world community and United Nations have strongly condemned Israel's violation of the occupied Arab territory. There is no evidence at all that supports the U.S. ambassador's allegation that the draft resolution would detract from diplomatic efforts. The draft resolution of the United Nations affirms the urgent need to achieve a comprehensive and rational settlement of the Arab-Israeli conflict. And the draft resolution, itself, was the result of the well-made diplomatic efforts.

Roundup on Stabilization of U.S. Dollar

OW070730 Beijing XINHUA in English 0825 GMT
4 Feb 88

["Round-up: U.S. Dollar Stabilizes at a Temporary Plateau (by Xia Zhaolong)"]—XINHUA headline]

[Text] New York, February 4 (XINHUA)—The U.S. dollar which has been on a sliding ride over the past two years appears more stable at a lower plateau at least for the time being.

On the international foreign exchange markets, the dollar has been traded for 128 Japanese yen and 1.68 Deutsche mark for a couple of weeks. Financial analysts in New York expect the exchange rates to be less volatile in the coming months.

The dollar's return to firmness from a nosedive on the eve of the New Year is largely due to the concerted intervention by the central banks of the major industrialized nations early last month.

"The massive intervention of those central banks hit the markets very effectively and at a right time. The bearish sentiment on the dollar has dissipated sufficiently," John T. Arnold, vice president in charge of foreign exchange at the Morgan Bank in New York told XINHUA in an interview.

The Federal Reserve Board (Fed), the central bank of the United States, played a stronger than usual role this time, indicating that the Reagan administration truly desired a pause in the long decline of the greenback, he added.

It is estimated that central banks in the U.S., Japan, Britain and Federal Germany spent two to three billion dollars a day at the beginning of the year to shore up the falling U.S. currency, buying the dollar and selling other currencies.

Manuel Johnson, the Fed vice chairman, said that the central banks' joint action should be interpreted as a "warning to speculators that betting against the dollar at these low levels is a very risky business."

The remarks made money dealers very cautious and the dollar bounced back to the current level from the year-end record lows of one to 120 yen and 1.56 mark.

Arnold and some other bankers believe that the dollar has hit the bottom for at least the first half of this year. More market intervention is in store if the U.S. trade figures and other developments prove to be disappointing in the days to come.

They cited as an evidence the recent agreement reached between Japan and the United States on the yen and the U.S.-held special drawing rights (SDRS) swap. The deal, while enabling the country to have adequate supply of yen to buy dollars in any possible intervention, reflects the U.S. resolve to use part of its official reserves to prop up the dollar.

The United States has an estimated 7.2 billion worth of SDRS on deposit in the International Monetary Fund.

The present dollar's rally also found support in the U.S. improved trade imbalance. The nation's November merchandise trade deficit dropped to 13 billion dollars, down 25 percent from the previous month.

The news gave a boost to the sagging confidence in the U.S. currency because chronic trade shortfall is believed to be the linchpin for the dollar's continued depreciation. The greenback has plunged more than half in value against the yen and the mark since 1985 when the U.S. intended to trim its staggering trade deficit through a weaker dollar. A notable improvement is slow in coming though the country's export volume surged about 16 percent last year.

Many economists say that a turnaround in this front may be in the corner at last. As the trade begins to look better, they say, the dollar may stage a mild rally from the current level in the second half of this year.

David M. Jones, senior vice president at the Aubrey G. Lanston and Co., a securities firm on Wall Street, told XINHUA that the dollar may post for 130 yen and 1.70 mark by the end of the year when the trade deficit is some 30 billion dollars less than that of last year.

"I am certain that the deficit will come down, but not along straight lines," he said.

It is expected that the 1987 trade deficit would be around 170 billion dollars.

It is generally agreed that the dollar may firm up for some time, but long-term trend remains bearish at least through the mid-year. This is because the projected trade uptick is uncertain and the market intervention can only be effective for a time. Besides, there is little hope that the Fed can do much to bolster the dollar at the moment.

Soviet Union

Article Views Possible Afghanistan Withdrawal
HK060501 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No. 5, 1 Feb 88 pp 28-29

[Article by Ma Guang (7456 0342) and Zhang Zhinian (17285347 1628): "How Will the Soviet Union Withdraw Its Troops From Afghanistan?"]

[Text] Editor's note: Greater flexibility has appeared in the search for a political solution of the Afghan issue. Whether an agreement on Soviet withdrawal can be concluded in the near future depends on the new round of indirect Afghanistan-Pakistan talks in Geneva. Another important aspect of the Afghan issue, the formation of the future government, is drawing more and more attention from the international community. This article rounds up and analyzes these problems. [end editor's note]

People now have reason to believe that the Soviet Union is willing to withdraw its troop from Afghanistan. The problem is that under what conditions will the Soviet Union do so.

Soviet Foreign Affairs Minister Shevardnadze said at the conclusion of his Afghan visit on 6 January that the Soviet Union hopes "1988 will be the last year of Soviet troops are present in Afghanistan."

In October 1986, the Soviet Union took the "initiative" of withdrawing six regiments, totaling 8,000 soldiers, from Afghanistan. The international community's comment was that the "symbolic troop withdrawal" did not result in any essential change in the situation in Afghanistan.

Subsequently, the Soviet Union and the Kabul regime began to step up their negotiations. In about a year, the Soviet foreign minister visited Afghanistan twice, and Najibullah, leader of the Kabul regime, as well as other Political Bureau members of the People's Democratic Party visited the Soviet Union. But it pointed out not long ago that an early withdrawal was a "political decision" made by the highest authorities. The Soviet Union had originally insisted that "guarantees should be provided before a withdrawal could start." But it recently said that a Soviet withdrawal "could start" when the United States stopped its military aid to the Afghan resistance forces.

The Soviet Union in the past indicated that a Soviet withdrawal could take place only after the establishment of a "national conciliatory coalition government" in Kabul. But now it says that "conciliation" requires a process and need not be linked to a Soviet withdrawal.

On the question of time necessary for a withdrawal, the Soviet Union said in the beginning that its troop withdrawal would take 4 years. It subsequently shortened this time to 16 months, and it recently indicated that its

troop withdrawal could be completed within a period of 12 months or even shorter. It further suggested not long ago that its troop withdrawal will start on 1 May if an agreement is reached at the indirect Afghanistan-Pakistan talks to be held in February.

These changes in the Soviet attitude toward a troop withdrawal have drawn widespread attention around the world. As pointed out by the Western press, this is a "signal of hope" and a "new upsurge" that has appeared in the settlement of the Afghan crisis.

Will the Soviet Union really withdraw its troops from Afghanistan unconditionally? From the Soviet remarks, people know that its troop withdrawal is by no means unconditional, but is preconditioned on the United States stopping its aid to the Afghan guerrillas. A PRAVDA commentary on 11 January put it very explicitly: The essential problem is not the date for withdrawal, but the timing of the end of U.S. aid.

The United States reacted to this the following day. State Department spokesman Redman pointed out that it was very "odd" for the Soviet Union to assert that the crux lay in the United States stopping its aid. He added that the crux was that the Soviet Union should end its invasion of Afghanistan. In spite of all this, the United States has indicated on several occasions that it will stop its military aid to the resistance forces, provided the Soviet Union withdraws its troops from Afghanistan.

Soviet-U.S. relations have been tending toward a relaxation since the signing of the treaty on medium-range missiles at the end of last year. Apart from demanding that the Soviet Union and the United States greatly reduce their strategic nuclear arms and stop their space arms race, the international community has also requested that they make great progress in eliminating their regional conflicts. Under these circumstances, it is possible for the Soviet Union and the United States to reach a compromise on a Soviet withdrawal and a U.S. aid suspension, which would be beneficial to the search for a political solution of the Afghan issue. A agreement in principle on the time limit for a Soviet withdrawal may possibly be concluded at the next round of the indirect Afghanistan-Pakistan talks scheduled for February.

The Geneva indirect talks were convened by a private representative of the UN secretary general at the suggestion of the Pakistani Government. Since 1982 the Pakistani and Afghan authorities have conducted several negotiations on a political settlement of the Afghan issue. Both sides have reached a unanimity of understanding on the three problems of mutual noninterference, international guarantees, and the return of refugees. The Soviet troop withdrawal is the only problem that remains unsolved.

At the last round of indirect talks in September last year, the timing proposed by Afghanistan was 16 months and that by Pakistan was 8 months. In comparison with the 12 months recently proposed by the Soviet Union, the time limit proposed by Pakistan is 4 months less.

Although the difference in timing has narrowed, negotiations on a Soviet withdrawal still involve many specific problems, such as when to withdraw and cease fire, how to exercise effective international supervision, whether there is a need to station UN peace-keeping forces, how to constitute the force, and when to station it. There are still big differences of opinion on these problems.

Take UN supervision as an example. Pakistani leaders maintain that this is "absolutely necessary," whereas the Kabul regime and Afghan guerrilla leaders oppose this idea. They are not willing to see other foreign troops stationed in their country after a Soviet troop withdrawal.

A Pakistani Government spokesman has pointed out that the details of a Soviet troop withdrawal "are blank at present." Therefore, it is still some distance to actual action even if agreement is reached on the timing of withdrawal.

In the political settlement of the Afghan issue, the sides involved are concerned about the formation and nature of the future Afghan government. Supported by the Soviet Union, the Kabul authorities in early last January proposed a "unilateral cease-fire" and the formation of a "government of conciliation." However, the Afghan guerrillas took the stand of "nonceasefire, nonrecognition, and nonconciliation" and refused to participate in the "government of conciliation." During his August visit to Moscow, Najibullah announced that the "government of conciliation" would allow the opposition to hold 11 ministerial posts, including deputy prime minister and even prime minister, but excluding the posts of foreign affairs minister and national defense minister. The resistance forces still refused to accept.

The Afghan guerrillas, who constitute the main part of the resistance forces, do not recognize the Najibullah regime and refuse to enter into negotiations with it. They also resolutely oppose the Soviet invasion and occupation of Afghanistan and have time and again declared that if the Soviet Union wants to withdraw its troops, it must hold talks with the guerrillas. They have stated that they will continue their resistance until the last Soviet soldier is withdrawn.

It has been reported that the United States, the Soviet Union, and Pakistan have dispatched people to get in touch with former King Mohammad Zahir Khan in the hope that he will take charge of the future coalition government, and UN officials are of the opinion that Zahir is the appropriate person for this role. Different blocs in the Afghan resistance forces, however, hold

different views on the return of the former king to the political arena. It will take some time before a unanimous understanding of this problem is reached.

The Afghan dynasty was overthrown in July 1973, and Zahir went into exile in the Italian capital of Rome over 14 years ago. He told a group of French reporters on 5 January that he would participate in a settlement of the Afghan issue without "reservations and personal conditions." He added that he "fully supports" the Afghan resistance movement. He told the British OBSERVER on 11 January that "he would consider joining a national coalition government of conciliation provided the leaders of the Kabul regime went to the Soviet Union and lived there in exile for 3 years after a Soviet troop withdrawal."

The Afghan issue was brought about by overnight the Soviet aggression against the country. The 8-year war has inflicted enormous losses on the Afghan people and their property. There is no reason whatsoever for the Soviet Union to delay its troop withdrawal. The Soviet Union must follow all the resolutions the UN General Assembly has adopted on the Afghan issue and unconditionally withdraw all its troops from Afghanistan so as to let the Afghan people decide their own affairs without foreign intervention.

Northeast Asia

Border Trade Talks Held in Ulaanbaatar
OW060930 Beijing XINHUA Domestic Service
in Chinese 0732 GMT 6 Feb 88

[Text] Ulaanbaatar, 5 Feb (XINHUA)—The first Sino-Mongolian border trade talks in 1988 were held here from 28 January to 5 February.

The two sides exchanged views on further developing and expanding border trade and, based on their respective demands and supply capacity, signed a number of contracts on barter trade for goods of equal value. The two sides expressed hopes of further expanding their border trade and made arrangements for the next meeting.

Shenyang Plans '18 September Incident' Museum
OW070736 Beijing XINHUA in English 0654 GMT
7 Feb 88

[Text] Shenyang, February 7 (XINHUA)—The city government of shenyang, capital of China's northeastern Liaoning Province, plans to build a museum specially to mark the day in 1931 when the city was seized by the Japanese invaders.

The government will invest one million yuan to build the museum to remind the citizens of the "September 18th Incident" (when the city was captured by the Japanese as a step toward their occupation of the whole of northeast China.)

To be located on the site where the Japanese opened fire on the local Chinese barracks, the museum will occupy an area of 5,000 square meters and be completed by September 18 this year, said a city official in charge of the project.

He said a dozen historians and architects have been invited to be consultants for the project.

Southeast Asia & Pacific

Sihanouk, Khieu Samphan Hold Talks in Beijing
OW071050 Beijing XINHUA in English 1030 GMT
7 Feb 88

[Text] Beijing, February 7 (XINHUA)—Samdech Norodom Sihanouk and Vice-President Khieu Samphan of Democratic Kampuchea expressed their satisfaction with the effective cooperation between their armed forces in their common fight against Vietnamese occupation troops and the strong unity among all the Kampuchean patriots.

They believe that the Kampuchean patriots are waging and will continue to wage a heroic fight against the Vietnamese invaders until the last Vietnamese soldier leaves Kampuchea and Kampuchea regains its territorial integrity, one hundred percent independence, neutrality and non-alignment.

These statements were made by the two leaders during their "long and cordial political talks" held this morning at Sihanouk's residence in Beijing.

Samdech Sihanouk's wife, Princess Monique, attended the talks.

After the talks, Samdech and Madame Sihanouk hosted a luncheon in honor of Khieu Samphan and his party.

Also present at the luncheon were Democratic Kampuchean Ambassador to China Chan Youran and his wife, principal staff members of Samdech Sihanouk's office, as well as Prince Norodom Norindrang.

Vice-President Khieu Samphan and his party arrived in Beijing Saturday.

Sihanouk's Message to Son
BK081212 Beijing in Cambodian to Cambodia
1030 GMT 8 Feb 88

[Text] Samdech Norodom Sihanouk sent a message to Prince Norodom Ranarid in Bangkok on 7 February urging him to represent the Samdech at the CGDK cabinet meeting to be held on 10 February. The message said:

Today, my consort and I had a long cordial conversation with His Excellency Khieu Samphan. He expressed high regards to me on behalf of the cadres, the people, and the

leadership of the combatants on the Democratic Kampuchean side, and earnestly asked me to retain the position of head of state of Democratic Kampuchea. I informed him that before answering the respectful and sincere request of the Democratic Kampuchean party, I need a fairly long delay for reflection.

The message went on: The cabinet meeting of the CGDK will be held on 10 February, 1988. I assign you to represent me at this meeting, and expect that, with a high political consideration and the supreme interest of the Sihanoukist National Army in mind, you will represent me at the coming 10 February cabinet meeting of the CGDK.

Sihanouk Refuses To Meet Hun Sen
OW062338 Beijing XINHUA in English 1646 GMT
6 Feb 88

[Text] Beijing, February 6 (XINHUA)—Samdech Norodom Sihanouk has refused a scheduled meeting with Hun Sen, prime minister of the Vietnamese-backed Phnom Penh government, it was learned here today.

The scheduled third round of the Sihanouk-Hun Sen talks on settling the Kampuchean conflict was to be held in Pyongyang this April.

But in a message sent to Hun Sen February 3, Sihanouk said Hun Sen [words indistinct] demand for general elections in Kampuchea after the dissolution of the Vietnam-backed "People's Republic of Kampuchea." Hun Sen, in turn, insisted that the Vietnamese troop withdrawal from Kampuchea in 1990 be carried out after the dissolution of the armed forces of the "Khmer Rouge" (faction of Democratic Kampuchea).

Sihanouk said in his message that "Hun Sen's demand for the dissolution of the Army of the Democratic Kampuchean faction is unrealistic."

Sihanouk said that since the time "is not ripe yet" for a solution, "I have to recognize that as compared with a sterile and futile continuation of talks, a definite postponement of our talks in Korea, France, India and other places will be less prejudicial to the interests of the Khmer people and the nation."

Vietnam 'Rules Out' Meeting With Sihanouk
OW080157 Beijing XINHUA in English 1613 GMT
4 Feb 88

["Vietnam Refuses To Talk With Prince Sihanouk"—XINHUA headline]

[Text] Hanoi, February 4 (XINHUA)—Vietnam has ruled out any meeting with Prince Norodom Sihanouk, a Foreign Ministry Spokesman Trinh Xuan Lan said today.

Sihanouk indicated that he would be willing to meet with Vietnamese representatives while announcing on Saturday in Beijing that he resigned as president of the resistance coalition.

"The Cambodian parties must first get together to resolve the internal problems of Cambodia," the spokesman said at a press conference.

"Vietnam and other concerned countries will then take part in a second round of cocktail party talks and an international conference to guarantee agreements reached by the Cambodian parties," the spokesman said.

The "cocktail party" talk proposal was made by Vietnamese leaders and Indonesian Foreign Minister Mokhtar Kusumaatmaja during his visit to Vietnam on July 28 last year. Under the proposal the Cambodian parties should hold informal talks in the first round of talks to reach an agreement.

Observers pointed out that Hanoi has been trying to legalize its aggression against Kampuchea and maintains an attitude that it is an outsider on the Kampuchean issue while stationing about 140,000 Vietnamese troops in that country.

Ministry Spokesman on SRV Border Issue
OW061346 Beijing XINHUA in English 1321 GMT
6 Feb 88

["Conditions Not Ready for Sino-Vietnamese Consultations on Border Inhabitants Visit Exchange: Foreign Ministry Spokesman"—XINHUA headline]

[Text] Beijing, February 6 (XINHUA)—In view of the present situation in the Sino-Vietnamese border areas, obviously, conditions are not yet ready for the holding of bilateral consultations on the exchange of visits between border inhabitants, a Chinese Foreign Ministry spokesman said today.

The spokesman made the comment in response to a question about China's reaction to Vietnam's proposal for a spring festival ceasefire and exchange of visits between the border inhabitants of the two countries.

The spokesman said the Chinese side has noted that up to the very recent time, Vietnamese troops were still firing bullets and shells into Chinese territory and Vietnamese leaders were still making remarks against China.

"We hope that the Vietnamese side will take some solid steps for the improvement of relations between the two countries," he said.

In its recent note to the Chinese Foreign Ministry, the Vietnamese Foreign Ministry proposed that "a spring festival ceasefire" be implemented between the Chinese

and Vietnamese sides and requested to hold consultations with China on the so-called exchange of visits between border inhabitants of the two countries, the spokesman said.

The Chinese side has given a reply to the Vietnamese side through the diplomatic channel. In the reply, the Chinese side pointed out that it is China's hope that the Sino-Vietnamese boundary will become one of peace and friendship and that it is Vietnam's constant armed provocations that have led to military confrontation between the two countries in the border areas, he said.

The Chinese side has always held that on condition that Vietnam stops its armed intrusions and provocations, the border areas between the two countries will naturally become quiet and the border inhabitants will be able to live in peace and tranquility, the spokesman said.

Lao Assembly Session Satisfied With Ties
OW061228 Beijing XINHUA in English 0838 GMT
6 Feb 88

[Text] Hanoi, February 6 (XINHUA)—The Lao People's Supreme Assembly (National Assembly) closed its session on February 4 in Vientiane after adopting a resolution on the Economic Development Program for 1988, it was learned here today.

Lao leader Kaysone Phomvihane addressed the session and delivered a report on the resolutions of the 5th plenum of the Lao Party's 4th Congress.

The session also discussed policies on the development of commodity economy and foreign investment.

However, no details of the discussions have been disclosed.

It was learned that the session also heard a report on relationship between Laos and China and satisfaction was reportedly expressed over the results of the recent negotiation on Sino-Laotian relations.

Australian Governor General To Pay Visit
OW070820 Beijing XINHUA in English 0757 GMT
7 Feb 88

[Text] Canberra, February 7 (XINHUA)—Governor-general of the commonwealth of Australia Sir Ninian Stephen left here this morning for China for an official visit at the invitation of Chinese President Li Xiannian.

He is the first governor-general of Australia to pay an official visit to China. Sir Stephen will stay in China from February 9 to 16.

Philippine Political Leaders View U.S. Bases
*OW041001 Beijing XINHUA in English 1530 GMT
1 Feb 88*

[Text] Manila, February 1 (XINHUA)—Key political leaders of the Philippines at a press forum here today did not come out with any respective positions on the ticklish issue of U.S. military bases in the country.

They were discussing at the forum the retention or removal of the two largest overseas U.S. military bases in the Philippines, the Clark Airbase and the Subic Naval Base, after the bases agreement expires in 1991.

Opposition Senator Juan Ponce Enrile said that the issue would require extensive consultations with the country's various sectors.

"This is a very serious matter that must require intensive study," Enrile said, adding that the government should consider the security, economic and political factors, as well as international commitments and the overall regional security situation.

Enrile earlier stated that he favored the retention of the U.S. military bases in the country.

But he said today that he was reviewing his position mainly because of the ratification of the new constitution. He added that the new charter has changed his position.

The new constitution provides that the Philippines, consistent with national interest, "adopts and pursues a policy of freedom from nuclear weapons in its territory." The constitutional ban on nuclear weapons is regarded here as the crucial element to the presence of the U.S. military installations in the country.

Senate President pro tempore Teofisto Guingona said the Liberal Party, one of the major parties in the ruling coalition, has adopted the position to keep its position open by 1991.

Guingona said the government should now keep off from any pronounced position on the issue and carefully study its options, going into detailed studies.

Francisco Tatad, chairman of the opposition Grand Alliance for Democracy (GAD), said the alliance had not come out with an official position.

He said that GAD has created a commission which is looking into this issue, and that the opposition alliance believes that the government should carefully weigh its options.

"Whether it has impact in our country from all aspects, security, the exercise of sovereignty and whether it has helped us become more self-reliant without external sources of aid—these are the questions that we are studying," Tatad said.

Near East & South Asia

Iranian Majlis Deputy Speaker Continues Visit

Meets NPC Officials

*LD051245 Tehran Domestic Service in Persian
1030 GMT 5 Feb 88*

[Text] According to the Central News Unit, Majlis Deputy Speaker Mohammad Yazdi, who is leading a delegation on a visit to China, met with Geng Biao, vice chairman of the PRC National People's Congress Standing Committee, this morning. The two sides discussed relations between the two countries and two parliaments as well as regional and international developments.

During this meeting, the vice chairman of the National People's Congress described China's economic and political situation, and said: The United States had lied to the world by saying that China is the biggest supplier of arms to Iran. By forging these accusations and imposing these views on the people of the world, they want to place their responsibilities and difficulties in the Persian Gulf on China's shoulders.

Also today, the Majlis deputy speaker met with the chairman of the National People's Congress to whom he conveyed a written message from Hashemi-Rafsanjani. He also discussed relations between the two countries. The chairman of the PRC National People's Congress expressed satisfaction with the present relations between the two countries, and said: We have observed that you have been successful since the great Islamic Revolution of Iran and this pleases us.

Meets With Foreign Minister

*HK051414 Beijing ZHONGGUO XINWEN SHE
in Chinese 1245 GMT 5 Feb 88*

[Report: "Wu Xueqian Meets Delegation of Iran's Islamic Consultative Assembly Delegation"]

[Text] Beijing, 5 Feb (ZHONGGUO XINWEN SHE)—Wu Xueqian, state councillor and foreign minister, met a delegation of Iran's Islamic Consultative Assembly in Beijing today.

Wu Xueqian explained to [Hojjat Ol-Eslam Mohammad] Yazdi, deputy speaker of the Islamic Consultative Assembly and head of the delegation, China's persistent position on the Iran-Iraq issue, which, he said, was the principle of remaining neutral and calling for peace, which China has adopted since the beginning of the Iran-Iraq War. He said: China is making an effort to strive for the early implementation of United Nations

Resolution 598 and to bring about reconciliation between Iran and Iraq. Since China has friendly relations with both Iran and Iraq and since all three of them are Third World countries, they should strive for a peaceful environment and not let wars sap their strength.

After briefing Yazdi on China's situation, Wu Xueqian said: The mutual understanding between China and Iran has been deepening in recent years. Following the development of intercourse between the two countries, contacts in the economic field will steadily increase.

Yazdi suggested that the exchange of visits had played an important role in the relations between the two countries and hoped that there would be exchange of visits on higher levels.

Ulanhu Greet Visitor

*OW060808 Beijing XINHUA in English
0714 GMT 6 Feb 88*

[Text] Beijing, February 6 (XINHUA)—Chinese Vice-President Ulanhu said here today that China hopes to strengthen its cooperation with Iran in all fields.

Speaking at a meeting with a delegation from the Islamic Consultative Assembly led by Deputy Speaker Hojjat Ol-Eslam Mohammad Yazdi this morning, Ulanhu said that both China and Iran are developing countries and "a long-term steady and friendly relationship will be beneficial to the people of our two countries."

The Iranian visitors are scheduled to meet Chinese State Councillor Zhang Jingfu this afternoon. They will leave here tomorrow for a tour of Shanghai and Suzhou.

World Jews Protest Israeli Violent Suppression

*HK051154 Beijing RENMIN RIBAO in Chinese
4 Feb 88 p 6*

["International Jottings" by Jiao Ming (4109 2494): "Utterly Isolated"]

[Text] Jews living in other parts of the world usually support Israel, where most of the Jews live. Recently, however, Jews in all parts of the world have lodged protests against the Tel Aviv authorities' violent suppression of the Palestinians on the West Bank of Jordan and in the Gaza Strip. Such a "rebellious" phenomenon is significant and worth pondering.

The "Israeli image" seen on television by tens of millions of Jews around the world is that of Israeli soldiers madly dashing around the above-mentioned territories, firing at unarmed Palestinian youths, and ruthlessly clubbing Palestinian women and children. Rigid suppression of the weak and trampling on human rights go against the heavenly principles. Confronted with the bloody facts, the holy "Israeli Spirit" that has long existed in the hearts of a large number of good and honest Jews has

been "defiled" and humiliated. Therefore, the psychological rebellion of the good and honest Jews is a natural response to these bloody acts.

Ruthless beatings, reckless arrests, unreasonable imprisonment, and wanton killings are ruthless crimes against mankind. The Jewish nation itself suffered from these ruthless crimes long ago; it too experienced keenly felt pain. All the bitter experiences of the past still remain fresh in the memories of the Jewish people.

Now that Jews all over the world have seen Israeli soldiers mistreating another nation in the same way on television, it is quite natural they have not only withdrawn their sympathy and support for the Israeli authorities but have also condemned them.

The change of attitude on the part of the world Jewish community towards the Israeli authorities shows that the perverse acts committed by the Israeli authorities in its occupied Arab territories have not only put Israel in an awkward position but have also completely isolated Israel from the rest of the world's Jews.

West Europe

Cultural Cooperation Accord With Belgium

*OW080625 Beijing XINHUA Domestic Service
in Chinese 1417 GMT 6 Feb 88*

[From the "International Shortwaves" program]

[Text] Beijing, 6 Feb (XINHUA)—According to a report from Brussels, the Joint Standing Executive Committee on Cultural Agreements between the Chinese and Belgian governments met in Brussels from 1 to 5 February to sign a plan to implement the 1988-90 Sino-Belgian cultural cooperation agreement. Included in the plan are cooperative and exchange projects between the two countries in the cultural, artistic, broadcasting, television, sports, and other fields.

Zhao Manqi Fets UK Quartermaster General

*OW060823 Beijing XINHUA in English 1231 GMT
6 Feb 88*

[Text] Beijing, February 6 (XINHUA) — Zhao Nanqi, director of the General Logistics Department of the Chinese People's Liberation Army (PLA), met and feted General Charles Huxtable, quartermaster general of the British Army, and his party here this evening.

Both sides expressed their hope that the two armies will expand friendly exchanges between their logistics departments.

After their arrival here February 4, the British guests had talks with the leaders of the PLA General Logistics Department and visited some military units.

Zhang Jingfu Meets Visiting UK Businessman
OW070816 Beijing XINHUA in English 1237 GMT
6 Feb 88

[Text] Beijing, February 6 (XINHUA) — Chinese State Councillor Zhang Jingfu met G.H. Turnbull, chairman of the Inchcape Group from Britain, and his party here this afternoon.

Zhang said that China will expand proportion of its trade and technological cooperation with European countries including Britain.

The group has enjoyed very good relationship with the China Council for the Promotion of International Trade. The purpose of Turnbull's current visit is to acquaint himself with China's economic growth and strengthen his group's business contacts with the host council.

Zhao Presides Over Political Bureau Meeting
OW060920 Beijing XINHUA Domestic Service
in Chinese 0643 GMT 6 Feb 88

[Text] Beijing, 6 Feb (XINHUA)—The Political Bureau of the CPC Central Committee held its fourth plenary meeting on the morning of 6 February in Beijing. The meeting discussed the economic situation and current economic work. The meeting held that last year's economic situation was quite good; that a great deal of precious experience was accumulated; and that this year, we should work in accordance with the demands set by the 13th National Party Congress for accelerating and deepening reform, lose no time, actively forge ahead, and seriously solve contradictions and problems in the course of advance to enable the steady and coordinated economic development to continue.

The meeting held: In 1987, the situation of production, construction, circulation, and foreign trade was better than expected, and comparatively great progress was made in economic structural reform. The economic growth rate was comparatively high, yet comparatively normal and sound; economic efficiency was comparatively good; vitality of enterprises was remarkably enhanced; new progress was made in overall control; and certain unstable factors long existing in economic life were being alleviated.

Last year, we gained a lot of successful experience. In particular, the all-round implementation of the contracted managerial responsibility system among enterprises not only yielded great economic returns and promoted reforms in enterprises but also created the motive force and necessary conditions for economic structural reform on the whole. While microeconomic activities were invigorated, macroeconomic control over investment, credit, and consumption funds played a comparatively good role. Macroeconomic control promoted economic stability, but it did not obstruct the invigoration of microeconomic activities. Thus, a situation of microeconomic invigoration and macroeconomic control promoting each other appeared in China's economic life.

The meeting held: A conspicuous problem in economic life in 1987 was the excessive increase in commodity prices. The focal point of the price problem was higher food prices. In order to solve the problem, we should study the new circumstances and adopt new methods. A key to this issue is to act according to the law of value. We should also adopt comprehensive supplementary measures to help the development of production and to give the people appropriate compensation in their livelihood. In this way, people's morale will be further stabilized and the reform will proceed even more smoothly.

The meeting emphatically pointed out: In economic work in 1988, we should seriously sum up and use last year's experience, comprehensively and accurately

understand the policy for further stabilizing the economy and further deepening the reform, and deepen the reform to improve the situation as a whole. The recently proposed economic development strategy for coastal regions will not only push our coastal open regions to take part in international exchanges and competition; fundamentally, it will also forcefully promote economic development in China's central and western regions. We must resolutely implement this important strategic plan which concerns the overall interest of China's four modernizations, and we should never forfeit this good opportunity. For this reason, we must accelerate and deepen the reform of the foreign trade system. We should make great efforts to implement the contracted managerial responsibility system among enterprises, and deepen, develop, and perfect it with supportive measures, so that it will yield even better results. We should adopt resolute measures to strictly control institutional purchase in order to reduce expenditure, ease market pressure, and change the unhealthy tendency of extravagance and waste.

Present at the meeting were 15 members and 1 alternate member of the Political Bureau. Two Political Bureau members were absent from the meeting because of other official duties. Zhao Ziyang, general secretary of the CPC Central Committee, presided over the meeting.

Zhao Ziyang on Liberating Productive Forces
HK080056 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 8 Feb 88 p 1

[Zhao Ziyang article: "Further Emancipate the Mind and Further Liberate the Productive Forces"]

[Text] Beijing, 6 Feb (XINHUA)—During his recent meeting with foreign guests, Comrade Deng Xiaoping said that the 13th CPC National Congress has further emancipated the minds of the party and the people and it will also further liberate the productive forces. In saying so, he was making a scientific appraisal of the 13th National Party Congress and setting a clear and definite demand regarding how we should study the documents of the 13th National Party Congress and how we should implement its guidelines. In studying the documents of the 13th National Party Congress, we should put the stress on further emancipating our mind. Only when we study them in this way, can we raise our awareness of the need to implement the line laid down since the 3d Plenary Session of the 11th CPC Central Committee, accelerate reform and opening to the outside world, and truly achieve good results. Moreover, the study will be of no use or of very little use no matter how many times we read the documents if our thinking remains the same and we stick to the habit of using old viewpoints to analyze new problems.

Why do we attach so much importance to emancipating the mind? Recalling the path we have taken in the last 9 years, we get some useful enlightenment. The biggest gain of the 3d Plenary Session of the 11th CPC Central

Committee was that we resumed the Marxist ideological line of emancipating the mind and seeking truth from facts while unequivocally setting the development of the productive forces as our central task. Although no concrete reform plans were put forward then, we already had a correct ideological line which enabled the broad masses and the cadres at all levels to explore in the course of practice and gave them options. As everyone clearly knows, our rural reform has evolved from the output-related system of contracted responsibilities practiced by production teams to the output related system of contracted responsibilities practiced by households, also known as the system of fixing output quotas on the household basis. Our factory reform began with increasing the decisionmaking power of enterprises. Such practice appeared in some localities in the early 1960's. However, they were criticized and suppressed as revisionism then because our ideological line was incorrect. Our attitude changed when the masses proposed such practice again after 1978. We attached great importance to these new things and seriously observed their actual effects. After a period of observation, we found that they indeed helped the development of the productive forces, and we therefore affirmed them. Nevertheless, we did not implement them immediately throughout the country. We let local cadres and people decide how to create or choose the way to practice them. Some people said at that time: "You take your road, and I will take mine." What they meant was that they might choose between "the commune" and "the system of fixing output quotas on a household basis." The central authorities permitted the people to think independently and make comparisons in the course of practice. In less than a year, a conclusion was reached that the responsibility system is the correct road. Therefore, all the people have taken the road. The conclusion was not made by any individual. It was the result of practice. After the system of fixing output quotas on a household basis was popularized throughout China's rural areas, specialized households appeared. Some peasants have left farming to operate rural enterprises, either secondary industry or tertiary industry. At the beginning, only a small number of people ran rural enterprises. Later on, they achieved good results, and we summed up and gradually popularized their experience. Such good results were achieved because the people emancipated their minds and made creations, and we too emancipated our minds and acknowledged and summed up their creations. We have also handled the new things that have appeared in the course of urban reform, such as the contracted managerial responsibility system, lease, partnership and bonds, in accordance with the dialectic materialist theory of knowledge—the theory of practice, knowledge, again practice, and again knowledge. We might say that all the reformative measures proposed and popularized in the last few years were the results of emancipated minds. If we did not hold the 3d Plenary Session of the 11th CPC Central Committee and if we did not have the Marxist ideological line of emancipating the mind and seeking truth from facts, reform and opening to the outside world would be out of the question and our current

situation would be nonexistent. When our minds are emancipated, we will respect practice and the masses' creations, and we will be able to work out measures and plans where none existed before. This shows that the prosperity of our country in last 9 years was mainly because of the 3d Plenary Session of the 11th CPC Central Committee and because of the Marxist ideological line of emancipating the mind and seeking truth from facts which Comrade Deng Xiaoping reestablished for our party.

This means the emancipation of our minds in the past 9 years has brought about the liberation of the productive forces. Further liberation of the productive forces depends yet on further emancipation of the mind. The theory of the initial stage of socialism advanced at the 13th CPC Congress has fundamentally answered the question why our country must adopt these policies rather than other kinds and has brought about a leap in our understanding of our country's actual conditions. This is the result of the emancipation of the mind over the last 9 years and should become a new point of departure for further emancipation of the mind.

Emancipation of the mind does not mean encouraging going off into wild flights of fancy. On the contrary, its very essence lies in the courage of seeking truth from facts. We will not be seeking truth from facts and our minds will not be emancipated if we are afraid of affirming something conducive to the development of productive forces or abolishing something detrimental to the development of productive forces because of some consideration or another. Ours is scientific socialism which keeps enriching itself and developing in practice. We should acknowledge, experiment with, and probe into whatever is conducive to the development of productive forces and whatever is beneficial to the improvement of the people's living standards. The more developed the productive forces are, the more appealing socialism will become. There is no reason to fear the development of productive forces. A person who worries about everything except the fettering of productive forces is, in the final analysis, shackled by conventions that are divorced from reality and is afraid of emancipating his mind. He will have difficulties keeping in step with the thinking and practice of the masses of the people. After summing up the rich practice of reform and opening to the outside world of the last 9 years, the 13th CPC Congress put forward the theory of the initial stage of socialism and made productive forces the highest criterion. This has brought about a leap in the entire party's understanding of the line followed since the 3d Plenary Session of the 11th CPC Central Committee and moved the understanding to a theoretical plane. At present, we should arm all party comrades with the 13th CPC Congress guidelines through the study of its documents and achieve true emancipation of the mind in the course of studying the documents. Matter turns into consciousness and vice versa. The emancipation of the mind is bound to bring about the liberation of social productive forces and vigorous development of socialist

modernization. Our party will be full of vigor and creativity. All party organizations should guide the study of the documents of the 13th CPC Congress and the implementation of its guidelines according to these requirements.

WEN WEI PO on Plans for New Ministries
HK060318 Hong Kong WEN WEI PO in Chinese
6 Feb 88 p 2

["Special dispatch": "State Council To Form Nine Ministries and Commissions"]

[Text] Beijing, 4 Feb—Preparatory groups for the nine new ministries and commissions to be formed in accordance with the State Council's plan for structural reform have been set up one after another since January this year. At present, they are working out and implementing various plans. After the State Council's plan for structural reform is examined and approved at the First Session of the Seventh NPC in March, the implementation of the plan will be completed in the first half of this year.

According to reports, the new ministries and commissions are:

—the Social Planning and Economic Commission (dissolving the State Planning Commission and the State Economic Commission)

—the Ministry of Personnel (dissolving the Ministry of Labor and Personnel)

—the Ministry of Labor

—the Ministry of Supplies (dissolving the State Bureau of Supplies)

—the Ministry of Transportation (dissolving the Ministry of Railways and the Ministry of Communications; and changing the Civil Aviation Administration of China into the State Civil Aviation Administration and putting it under the administration of the Ministry of Transportation)

—the Ministry of Energy Resources (dissolving the Ministries of Petroleum Industry, Chemical Industry, Nuclear Industry, and Coal Industry)

—the Ministry of Construction (dissolving the Ministry of Urban and Rural Construction and Environmental Protection)

—the Ministry of Astronautics Industry and Aviation Industry (dissolving the Ministries of Astronautics Industry and Aviation Industry)

—the Ministry of Water Resources (dissolving the Ministry of Water Resources and Electric Power and putting power generation under the administration of the Ministry of Energy Resources)

—the Ministry of Machine-Building Industry and Electronics Industry (dissolving the State Machine-Building Industry Commission and the Ministry of Electronics Industry)

In addition, the General Administration of Customs, originally under the administration of the State Economic Commission, will be put directly under the administration of the State Council. The State Council Foreign Affairs Office will undertake the work of the CPC Central Committee Foreign Affairs Group and coordinate overseas publicity work of government departments.

At present, there are 72 ministries, commissions, offices, and bureaus directly under the State Council and most of them follow the pattern formed after the administrative structure was streamlined in 1982. With the implementation of the current structural reform, their number will be reduced to 64. The XINHUA News Agency, the Academy of Sciences of China, the Academy of Social Sciences of China, and the State Council Social and Economic Development Research Center will become State Council establishments and will no longer be in alignment with the administration.

The principle for the current structural reform is "changing functions, delegating power to organizations at lower levels, readjusting the structure, and reducing the staff." The State Council's plan for structural reform was worked out in July last year. After it was examined and deliberated on by the Central Structural Reform Leading Group, it was reported to the Standing Committee of the Political Bureau of the CPC Central Committee on 20 November and was approved in principle by the Political Bureau of the CPC Central Committee on 16 December. During this period, a forum of new and old leading cadres of the 72 ministries, commissions, offices, and bureaus was held to solicit their opinions on the plan for structural reform.

Journal Views CPC's Political Leadership
HK051421 Beijing BAN YUE TAN in Chinese No 1,
10 Jan 88 pp 18-20

[Article by Liu Hong (0491 4540): "The Party Leadership Is Political Leadership"]

[Text] The party is a socio-political organization. Party leadership does not mean taking everything into the party's own hands. Its leadership over state power is political leadership rather than organizational leadership. Organizational leadership is applicable to relations inside the party only, but not to relations between the party and the government. In other words, organizationally the relationship between departments under party

committees and government departments is not one of consecutive subordination. No such relationship exists between a party committee and government at the same level. Nor does such a relationship exist between a party committee at a higher level and a government department at a lower level. If a party committee directly interferes in routine matters of a government department, this not only means exceeding the power of party leadership, but also impedes effective functioning of the government mechanism. In such a way, the distinction between the party and government will be blurred, and the party will not be able to play its due role.

A party committee should not administer matters which are governed by a government department. Some people might not be able to comprehend this. They wrongly think that in such a case the party leadership will exist "only in name." Actually, this is an old viewpoint on party leadership, which fails to make a distinction between the party and the government. Therefore, a change in viewpoint is needed. During the revolutionary war years, we intended to smash the old state machinery. Because we had not yet seized state power, it was necessary for the party to exercise a highly centralized leadership. Only thus could the party arouse all positive factors to defeat the enemy which was much stronger than us. During that period, the party not only had to exercise political leadership, but also take everything into its own hands, including matters in military, economic, and other fields. In so doing, we met the demand of the revolutionary task in light of social conditions at that time. This played a positive role in winning the victory in the revolutionary war. However, if we still pursue the former leadership system after our party has become the ruling party, this means we are failing to keep abreast of the demand of the current situation. This has been proved by practice, and provides grounds for separating the party and government today.

How then should we exercise political leadership of the party? The report to the 13th CPC National Congress pointed out: The party's political leadership is reflected in terms of "political principle, political orientation, decisions on important matters, and recommendation of important cadres for the state organs." These are basic contents of the political leadership of the party, and the orientation for the reform of the party leadership system in the future. Specifically speaking, the political leadership of the party is mainly manifested in the following:

1. The party should carry out its activities within the scope permitted by the Constitution and the law. The task of the party is to work out the line, guiding principles, and policies, and put forward proposals, which are in accord with reality and represent the interests of the broad masses of people, in accordance with the key work at the present socialist stage. Through legal procedures, the line, guiding principles, policies and proposals will be turned into the will of the state—in law, decrees, and policies. The task of party organizations at all levels is to

ensure their implementation, so that they will be translated into practical action by the broad masses of people. This is the main method and means adopted by the party in exercising political leadership over the affairs of the state.

2. Politically speaking, the relationship between the party and state organs is a relationship between those who lead and those who are led. However, organizationally speaking, their relationship is not one of consecutive subordination. Party discipline is binding on party members only. The state organ is an executor of the state power. The laws and decrees it has promulgated are binding on all citizens. Various kinds of social and mass organizations have separate links with some parts of the masses. Therefore, the party should fully respect the status of the state organ, mass organizations, institutes and enterprises, and give full play to their enthusiasm and initiative so that they can exercise their functions and powers, and do their work properly. Thus, the political leadership of the party is fully manifested.

3. To ensure the development of socialist modernization, it is the duty of the party to train, promote, and recommend a large number of outstanding cadres to take important posts in state organs. These outstanding cadres will be responsible for implementing the line, guiding principles, and policies of the party. This is one of the aims and methods adopted by the party for exercising its political leadership. This is also an important guarantee for exercising political leadership.

4. The political leadership of the party is not an empty phrase, but has its specific contents. It is directly connected with party organizations and each and every party member. The nucleus of the work of the party is to support and lead the people to become the masters of their affairs. This demands that the party attach importance to mass work. The party should not impose its views on the masses. It can only call on, persuade and attract the masses, or use the exemplary deeds of party members to influence the masses, so that they voluntarily accept the party political views. This method is much more effective than coercive means. At present, the establishment of some leading organs of the party and the appointment of their cadres are the same as administrative organs. Their emphasis is placed on administrative functions rather than on ideological, political, and mass work. As a result, these party organs are over-staffed, and take on everything. They are unable to truly and promptly reflect the opinions of the masses. This is not beneficial to ideological and political work characterized by persuasion, education and mobilization, and propaganda work. Neither is it helpful to making the ideas of the party strike root in the hearts of the people, or to turning those ideas into conscious actions of the broad masses of people. Therefore, party organizations should change their powers and functions so that their working method will satisfy the new demands.

The central, local, and grass-roots party organizations face different tasks with regard to exercising political leadership of the party. To exercise political leadership over work in various fields throughout the country, the CPC Central Committee should, first, define powers and functions of party and government organs, and overcome the defects of making no distinction between the party and government, and substituting the party for government. It should detach itself from routine matters. Only thus can it stand high and see far, and devote its main efforts to studying important problems which have a bearing on the development of the situation as a whole. In such a way, the ideas of the party will tally more with practical reality in China, and the party will truly become a political leader. Provincial, city, and county party committees exercise political leadership under the prerequisite of implementing the line, guiding principles, and policies of the CPC Central Committee, and guaranteeing the integration of policies and decrees for the whole country. Only by extricating themselves from trivial matters can party organizations discover and consider problems, and truly play their guaranteeing and supervisory role. With the implementation of an administrative officers' responsibility system, party organizations in grass-roots enterprises and institutes should gradually free themselves from specific administrative affairs, and take supervising and guaranteeing work as their own tasks. They should be mainly responsible for ideological, political work, and mass work. Only thus will they be able to avoid various bureaucratic mistakes, and reflect the desires and demands of the people from top to bottom.

In a word, only by placing itself in a position of political leadership will the party be able to shoulder the responsibility of exercising party leadership, avoid the mistake of making no distinction between the party and the government and substituting the party for government, and fully strengthen and improve party leadership.

Journal on Structural Reform of Central Organs
HK051023 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 3, 18 Jan 88

["Letter From Beijing" by Bao Xin (7637 0207): "On Structural Reform of Central Organs"]

[Text] Dear Brother:

Beijing's Yuyuantan Park was bustling with activity yesterday, Sunday. Although the minimum temperature in the evening fell to -10 degrees Celsius, the winter swimmers were preparing for Beijing's 10th Winter Swimming Performance in the 1st August Lake which was half frozen. The number of Beijing inhabitants taking part in winter swimming has increased nowadays. According to the Beijing Winter Swimming Club statistics, there are around 2,200 Beijing residents taking part in winter swimming. When I was watching the winter

swimming performance on the bank of 1st August Lake, I suddenly saw our old friend Mr Li playing in the water. When he finished swimming, we had a chat in my house.

As acting Premier Li Peng recently disclosed that the central authorities will carry out a big step in structural reform this year in which the objective is clear and as Mr Li works for the central organs, our conversation turned to this subject.

Since the founding of New China, the central authorities have streamlined the organs and personnel on many occasions. The latest one was carried out in 1982. However, the old practice of "streamlining—swelling—restreamlining—reswelling" was repeated on every occasion. For this reason, whenever we mention structural reform and streamlining, the people are not confident. They believe that the old practices will be followed again.

At this point, Mr Li said that the current structural reform is apparently different from the streamlining on previous occasions. In the past the organs were simply merged and staff reduced proportionately without reducing the tasks. After the reduction, the tasks increased, as did the organs and personnel with the development of the undertakings. For example, the departments responsible for economic work exercised management over funds, materials, personnel, and also enterprises. With the development of the economy, the organs swelled following the increasing number of enterprises.

To regard a change of functions as the key to the structural reform and to set up organs and determine the size of staff according to functions constitutes a characteristic of the current reform. Take the departments responsible for economic work for example—their functions in the future will change from exercising management over funds, materials, personnel, and enterprises to macrocontrol and formulating laws and regulations. By delegating powers, they will no longer have to attend to specific professional work. Naturally, the organs will be rationally readjusted, the staff will be reduced, and efficiency will increase. Herein lies the reason why the principle for the current structural reform is: "Change the functions, delegate powers, readjust the structure, and reduce the staff."

Mr Li said that particular attention should be given to "readjusting the structure." In the current structural reform, we will not simply streamline the organs. Instead, we will reduce and increase the organs accordingly in light of the needs of the modernization program. Take the new Ministry of Supervision set up by the State Council for example: Instead of being streamlined, it will vigorously carry out supervision work. Moreover, the distribution of some departments in the past did not conform to the needs of macrocontrol over the economy. For example, communications and transport constituted a weak link in China's economy. However, railways, highways, water transport, and aviation were independent of each other. Each did things in its own way and

there was a lack of overall planning and coordination. As a result, railway transport was cheap and overused, while the efficient inland water transport shrank. Should we not establish a department to exercise overall management over communications and transport? It seems that this question deserves study.

Despite the difficulties, Mr Li said, prompt action has been taken in the current structural reform of central organs. Beginning from the latter half of last year, a plan was worked out in around 6 months which was adopted by the CPC Central Committee's Political Bureau on 16 December. The essential departments of the State Council will be established in the first half of the year and then operate normally. Other departments will also be established within the year. In this way the central authorities have set an example and provided the localities with experience.

Regarding the staff reduced through streamlining, Mr Li said, there are a number of newly established departments that need to be strengthened. For instance, we need a total of 560,000 cadres to strengthen the political and legal departments. With the vigorous development of science, technology, education, and other undertakings, there is ample scope for those with genuine talent and those who are willing to learn. Regarding those who rest on the state and lead an idle life, it would be better to put some pressure on them so that they will have to worry about their futures. This will benefit both the state and themselves.

Bao Xin

11 January

Fang Lizhi Among Promoted Scientists
*OW060242 Beijing XINHUA Domestic Service
in Chinese 0833 GMT 5 Feb 88*

[By reporter Sun Benyao]

[Text] Beijing, 5 Feb (XINHUA)—The Chinese Academy of Sciences has recently given 54 young and middle-aged scientists promotion in wage grades ranging from 1 to 3.

The promotion has been given to these young and middle-aged scientists in accordance with the State Scientific and Technological Commission's relevant regulations. In 1984, the commission approved promotion in wage grades ranging from 2 to 3 to the first group of outstanding young and middle-aged scientists in China. However, their increased wages were either totally or partially written off as a result of the wage reform regarding employment of professional and technical jobs. In order to implement the principle of to each according to his work and encourage scientific advances, the State Scientific and Technological Commission has decided to award these outstanding young and middle-aged scientists additional promotion in wage grades ranging from 1 to 3.

Among the 54 scientists who have made outstanding contributions to their posts are: Huo Yuping (promotion in 3 wage grades), Hong Guopan (3 wage grades), Hao Bolin (3 wage grades), Yang Li (2 wage grades), Tang Xiaowei (2 wage grades), Gao Qingshi (2 wage grades), Wang Fosong (2 wage grades), Fang Lizhi (2 wage grades), Jiang Xinsong (2 wage grades), Zeng Qingcun (1 wage grade), and Guan Dinghua (1 wage grade).

According to reports, the Chinese Academy of Sciences will award outstanding young and middle-aged scientists on a nonperiodic basis.

Seoul Olympics Participation Discussed
*OW040710 Beijing XINHUA in English 0909 GMT
3 Feb 88*

[Text] Beijing, February 3 (XINHUA)—The All China Sports Federation (ACSF) Standing Committee and the Chinese Olympic Committee (COC) Executive Commission held a joint meeting here this morning to discuss the issue on the participation of China to the 1988 Summer Olympic Games in Seoul of South Korea.

The ACSF and COC heard and discussed the reports on the issue delivered by their vice-presidents Yuan Weimin and He Zhenliang at the meeting.

Li Menghua, president of the ACSF and COC presided over the meeting.

Press Society Director Supports Press Reform
*HK070846 Hong Kong MING PAO in Chinese
4 Feb 88 p 16*

["Special dispatch" by Lin Chung-hsing (2651 0022 5887): "Hu Jiwei Gives Energetic Support to Press Reforms, Discusses Four Principles"]

[Text] Beijing, 3 Feb—Hu Jiwei, who had been busy with the formulation of press legislation for years, said that he no longer attended to the work of drafting press legislation because it had been submitted to the State Media and Publications Office.

However, Hu Jiwei, vice chairman of the NPC Education, Science, Culture, and Public Health Committee and concurrent director of the Beijing Press Society, still gives energetic support to press reform. He summed up his views on press reform in four points: Democracy, opening up, consultation, and supervision.

Hu Jiwei said that CPC and government leaders have certain powers to exercise leadership over state and social activities.

These powers have been bestowed on them by the majority of the people through certain legal procedures. Therefore, the people should supervise them in the exercise of these powers. The masses have the right to know about the discussions and decisions on major matters by leading organs, with the exception of special subjects. Leaders only have the duty to notify the masses, but do not have the right to prevent them from knowing the facts. The masses' discussions, criticism, and views, be they right or wrong, should not be restricted so long as they do not go beyond the framework of the law.

Hu Jiwei said: According to the principle of opening up, important news should be promptly announced and reporters should be allowed to report on open meetings. The abnormal practice of "informing foreigners ahead of local people," which occurred from time to time in the past, should be stopped. From now on, mainland reporters should also be allowed to cover domestic information that is accessible to Hong Kong, Macao, Taiwan, and foreign reporters. Only when the official channel of information is dredged can unofficial channels be blocked. In this way, press media will enjoy a high reputation among readers. In the past, before playing recordings or videotapes on the masses' opinions, criticism, or theoretical discussions, parts that were of great concern to them were cut or left out. This violates the principle of opening up.

He particularly pointed out: Many factors restrict press criticism. Many people have misgivings and fears that they will be dressed down for making critical comments. Leading cadres lack the courage to criticize themselves, are unwilling to encourage press media to conduct criticism, and do not want to seriously deal with those who obstruct and suppress criticism. As a result, the masses feel that they have nowhere to file their complaints. On the detailed methods for press reform, Hu Jiwei pointed out the following six points from which to proceed:

1. There is a need to organize all types of social dialogue, including forums on current affairs, and special attention should be paid to reporting on direct dialogue between leaders and the masses.
2. Prompt reports should be filed on discussions about major matters held by central and local leading organs, so that the masses know about the actual situation.
3. Further efforts should be made to improve the methods of reporting on letters from people, articles contributed, people's visits to leaders, special issues, and reporters' interviews; special attention should be paid to public opinion polls, social surveys, and investigation of special subjects.
4. Answers should be provided for questions raised and measures should be taken to handle problems put forward in the course of criticism.

5. It is necessary to abide by the principle of "letting a hundred flowers blossom and a hundred schools of thought contend" when giving coverage to academic discussions on theories, principles, policies, and other major problems and to achievements in research.

6. Taking advantage of the close relationship between press units and the masses, the cases, problems, suggestions, criticism, expositions, applications, and debates that cannot be disclosed for the time being may be disseminated among readers within a restricted scope (including the leaders concerned).

Deng Book on Country Sparks Interest Abroad
OW061220 Beijing XINHUA in English 0840 GMT
6 Feb 88

[Text] Beijing, February 6 (XINHUA)—A book by Chinese leader Deng Xiaoping on basic issues of modern China has sparked growing interest abroad.

About 36,000 copies have been sold in 103 countries since last September, officials from the China International Book Trading Corporation told XINHUA.

The book has been published in English, French, Spanish, Japanese and Russian and will soon be available in German and Arabic.

It was a big hit at last September's Sixth Moscow International Book Exhibition. All copies were gone before the exhibiton was over.

The book contains 47 important talks and speeches by Deng from September 1982 to June 1987. It focuses on the formation of socialism with Chinese characteristics from the perspectives of politics, economics, military, culture and foreign relations.

It helps foreign readers understand the guiding principles and policies behind development in China today, officials from the corporation said.

The officials said that three foreign language books compiling the documents from the 13th congress of the Chinese Communist Party have also fared well among readers. Sales orders from foreign book traders total around 120,000 copies so far.

Jiang Qing Still in Jail; Chen Boda Released
OW061016 Tokyo KYODO in English 0940 GMT
6 Feb 88

[Text] Beijing, Feb. 6 KYODO—Chen Boda, a former Communist Party Politburo member and theoretician during [the] cultural revolution, has been released from prison on parole because of his advanced age and declining health, and is now under doctors' care, a Justice Ministry spokesman said Saturday.

Chen, 83, was serving an 18-year prison term for spearheading the social and political movement that rocked the nation. He was No. 4 after Mao Zedong, Lin Biao and Zhou Enlai during the early years of that turbulent period.

Jiang Qing, Mao's widow and one of the "gang of four" who pushed the red guard movement, is still behind bars together with the three other members, the spokesman said.

The spokesman thus denied reports by journals in Hong Kong that Jiang, 74, has been moved back to her home in Beijing for treatment of larynx cancer. Her capital punishment has been commuted to life imprisonment.

Her ultraleftist colleagues are, former Vice Premier Zhang Chunqiao, 67, former Vice Chairman Wang Hongwen, 52, and former Politburo member Yao Wehuan, 56.

The spokesman did not mention their health condition, however.

Deng Yingchao Urges More Respect for Elderly
OW070236 Beijing XINHUA in English 1231 GMT 5 Feb 88

[Text] Beijing, February 5 (XINHUA) — Deng Yingchao, a veteran revolutionary and widow of the late Chinese Premier Zhou Enlai, has just spoken out for more respect for China's senior citizens.

In an article to be published in the second issue of the journal "CHINA'S ELDERLY," Deng said, since late 1978, over one million veterans have retired along with other people from all walks of life.

"A good social setting needs to be created so these people can live a peaceful and harmonious life after retirement," she said, adding China now has 89 million people over the age of 60, with more than 70 percent of them depending on their children for support.

"Since right now the society can't provide more services for the country's elderly," she said, "it is even more important for individuals to respect the elderly and help support their parents."

While praising those who have done a lot for the country's senior citizens, Deng also pointed out, in some areas, the elderly are still being mistreated.

"Anyone who mistreats or abuses the elderly in any way should be dealt with according to law," Deng stressed.

Deng said the new journal is something positive which was designed to make citizens more aware of the problems China's senior citizens face.

Li Peng Meets Education Conference Attendees
OW080617 Beijing Television Service in Mandarin 1100 GMT 5 Feb 88

[Text] Li Peng, acting premier of the State Council, met in Zhongnanhai this afternoon with governors, and vice governors in charge of education from all provinces, municipalities, and autonomous regions who were attending the State Education Commission's 1988 work conference.

Li, Others Pay Last Respects to Xia Zhixu
OW071124 Beijing XINHUA Domestic Service in Chinese 1523 GMT 6 Feb 88

[Excerpt] Beijing, 6 Feb (XINHUA)—Comrade Xia Zhixu, former member of the CPC Central Committee Advisory Commission, vice minister, and member of the party group of the Ministry of Light Industry, passed away in Beijing on 22 December last year at the age of 81 because of illness. A ceremony to pay last respects to the remains of Comrade Xia Zhixu was held today at the Babaoshan Revolutionary Cemetery.

Zhao Ziyang, Deng Xiaoping, Li Xiannian, Li Peng, Chen Yun, Peng Zhen, Deng Yingchao, Xu Xiangqian, Nie Rongzhen, Yao Yilin, Wan Li, Li Tieying, Yang Shangkun, Song Ping, Hu Yaobang, Bo Yibo, Song Renqiong, Wang Zhen, Xi Zhongxun, Wang Ping, Wang Shoudao, Wu Xiuqian, Liu Lantao, Jiang Hua, Li Yimang, Li Desheng, Yang Dezhi, Xiao Ke, Yu Qiuli, Song Shilun, Zhang Jingfu, Zhang Aiping, Lu Dingyi, Chen Pixian, Chen Xilian, Hu Qiaomu, Duan Junyi, Geng Biao, Ji Pengfei, Huang Hua, Huang Zhen, Kang Shien, Cheng Zihua, Song Jian, Zheng Tianxiang, Kang Keqing and other comrades; the CPC Central Committee Advisory Commission; the State Council; the General Office and the Organization Department of the CPC Central Committee; the State Economic Commission; the Ministries of Nuclear Industry, Textile Industry, and Light Industry; and the CPC Zhejiang Provincial Committee sent their wreaths.

Li Peng, Yao Yilin, Yang Shangkun, Song Ping, Hu Yaobang, Bo Yibo, Song Renqiong, Wang Ping, Xiao Ke, Hu Qiaomu, Huang Zhen, Zheng Tianxiang, Kang Keqing and other leading comrades attended the ceremony to pay their last respects. [passage omitted]

Report on Xichang Satellite Launching Center
OW041257 Beijing International Service in Mandarin 0900 GMT 3 Feb 88

[From the "Construction in China" program]

[Excerpts] Listeners, China will launch a communications satellite for a U.S. company this year. How far has China gone in developing its space program? This reporter visited the Xichang Satellite Launching Center. Please listen to this report from the launching site for our "Construction in China" program.

The Xichang Satellite Launching Center is located some 300 km southwest of Chengdu City, Sichuan Province. In the center of the reinforced concrete launching area, which is the size of several soccer fields, stands a launching tower about 20 to 30 stories high. Under the large launcher on the base of the launching tower is a large reverse parabola-shaped flame bucket [dao jing], which directs the flames down under the ground and then up and out an opening in the ground nearby, channelling flames streaming from the bottom of the rocket during launching to a mountain slope 100 meters away. On the top of the launching tower is a big crane for hoisting the rocket. It hoists the 40-meter-long three-stage rockets stage-by-stage prior to launching. This reporter was lifted to the top of the launching tower by elevator, where a newly-built constant-temperature room and a series of other new equipment have been completed. In the control complex several kilometers from the launching site, personnel demonstrated to this reporter how satellites are launched. Scenes of the launching site, transmitted through ultra long wave optical fiber cable, can be seen vividly on the television screen, which is as large as a wide movie screen, in front of the hall. A rocket is divided into sections to be shipped to the site and hoisted stage-by-stage. After the rocket is assembled, it is fueled and then is ready for ignition and takeoff. On the two sides of the television screen are more than 100 glistening indicator lights in all colors reporting the data from the launching site and the survey and control centers in various localities, and as far away as the surveying ships operating in the Pacific. The flight trial of the rocket must tally completely with the designed trajectory. Everything here is controlled by large computers; time precision is such that a time error here is less than 1/10,000,000,000 second. Speaking of the base's achievements, personnel there proudly told this reporter that the two communications satellites orbiting at 125 and 103 degrees east longitude, respectively, 36,000 km above the equator are launched from there.

The Xichang base is a launching center built in the 1980's exclusively to launch geosynchronous satellites. It has the latest equipment and is richly endowed by nature as a launching site. Known in ancient times as (Yuecheng), Xichang is high above sea level and has clean air and clear skies all year-round. [passage omitted]

Since 1986, large numbers of guests from Europe, Asia, America, and Oceania have visited the Xichang center and been deeply impressed by China's space undertakings. Former U.S. Defense Secretary Weinberger said after visiting the center: The launching capacity here is impressive.

New Navy Commander on Naval Training Reform
OW070850 Beijing XINHUA Domestic Service
in Chinese 0755 GMT 6 Feb 88

[By reporter Huang Caihong]

[Text] Beijing, 6 Feb (XINHUA)—The tide of reform is pushing the Navy's modernization into a new stage. This reporter interviewed new Navy Commander Zhang

Lianzhong [1728 6647 1813] today and asked him to comment on naval training reform. The commander thinks that important achievements have been made in reforming naval training in recent years and that at present the Navy has remarkably enhanced its joint operations capability.

Zhang Lianzhong, 57, took office at the end of January. He joined the PLA during the Liberation War and once served as a submarine commander. After the founding of the People's Republic, he attended the Naval Submarine School and the PLA Military Academy. He also held leading posts at a submarine detachment, a naval base, a fleet command, and the naval headquarters.

Zhang Lianzhong said: Last year, naval task forces, composed mainly of first-category naval vessels and category-A flight regiments and organized by various naval fleets, conducted joint tactical training on the vast ocean and brought about new progress in naval training reform. In the first half of last year, naval task forces, consisting of various types of ships, conducted two joint training exercises in the Pacific Ocean and the South China Sea. They completed 39 training projects and, for the first time, successfully conducted resupply-at-sea training in which a supply ship resupplied three ships simultaneously during a long-distance cruise. In the second half of last year, another naval task force, consisting of various types of ships, carried out a more difficult long-distance joint operations training exercise in a designated sea area. These training exercises were designed to strengthen the joint operations awareness and mobile operations capability of naval surface vessels.

Zhang Lianzhong said: While the fleets were stepping up their long-distance cruises and joint training exercises, the naval aviation force also intensified its long-distance training activities and conducted joint training exercises with naval surface vessels on a long-distance cruise.

He also told the reporter: Nearly 100 middle- and high-ranking naval commanders performed command duties in last year's naval training exercises. All submarine commanders who took part in after-training qualification tests received passing grades. Commanders at all levels integrated long-distance cruises and joint training exercises with research on military theory, summed up experience in the course of training exercises, and wrote more than 600 papers on military affairs. As a result, long-distance cruises and joint training exercises have been further upgraded, effectively enhancing overall guidance, strategic decision-making, and command capability.

New Air Force Fighter Force Combat-Ready
OW060045 Beijing XINHUA Domestic Service
in Chinese 0842 GMT 5 Feb 88

[By reporter Liu Yong and correspondent Li Zhichen]

[Text] Beijing, 5 Feb (XINHUA)—According to an Air Force department concerned, the first group of Air Force

units equipped with the latest-type high-altitude, high-speed fighters manufactured in China has become combat-ready and begun to take on China's air-defense mission.

The new-type fighters are the Air Force's most advanced fighters which have a long range, high speed, large wing span, and high maneuverability. The first group of units equipped with the new-type aircraft are taking advantage of the advanced equipment to train excellent "all-weather" pilots. At present, the pilots have completed tactical combat training and have the capability for supersonic attack and interception. They are capable of intercepting bombers and attacking enemy fighters and attack planes.

Seminar Held on Political Work at Front
HK051232 Beijing JIEFANGJUN BAO in Chinese
26 Jan 88 p 1

[Report by Jing Shuzhan (2529 2118 1455) and Kan Shiying (7074 1102 5391): "A Seminar on Local Warfare and Political Work at the Laoshan Front Concludes at the National Defense University"]

[Text] Why does political work at the Laoshan front hold a strong appeal for people? A seminar on local warfare and political work at the Laoshan front, which concluded at the National Defense University on 23 January, provided the answer: There, theory and practice have merged into one entity and formalism is rare in political work.

The most important reason that political work at the Laoshan front has a strong appeal for people is that party members and cadres there are both propagators and pursuers of truth. They first set a good example before making demands on their soldiers. "Where there are party members and cadres, there is an unfallen banner." This has produced a powerful propellant and appealing force for political work. An army unit engaged in the war at the Laoshan front demands "five firsts" of its cadres: They have to be the first to traverse the path, the first to carry water, the first to stand on sentinel duty, the first to remove mines, and the first to handle information from the enemy. With this selfless and courageous spirit, they have won appreciation and trust from their soldiers, who describe them as the "backbone of soldiers and the mainstay in the battle." At the seminar, a political commissar disclosed the astonishing percentages of party members of his army unit who were wounded and killed in action: Party members accounted for 73 percent of the wounded and 93 percent of those killed! The words "party members" and "cadres" have become synonyms for selfless contribution at the Laoshan front.

Not pursuing undeserved fame or indulging in formalism but carrying out political work in a down-to-earth manner instead is another successful experience of the Laoshan front. Life and death combat in the battlefields has removed formalism lock, stock, and barrel. The Laoshan front has an explicit aim in its political work:

Everything is for the sake of victory in the war. With this measurement, formalism can no longer worm its way into the agenda of political work. As they have toppled the "mountain of documents" and filled up the "sea of meetings," they can go to grass-roots units more frequently, know more about the situation of their soldiers, produce more practical results in political work, and have a clearer aim in political work. Thus, a number of new political and ideological work methods that can produce good results are taking shape.

This seminar was initiated by the National Defense University. The participants included political workers from army units engaged in the war, political work research personnel from army units, and some university students. The participants also discussed dozens of wide-ranging issues, including the relationships between local warfare and politics and diplomacy. Zhou Wenyuan, deputy director of the General Political Department; Zhang Zhen, president of the National Defense University; and Li De, its political commissar, attended and spoke at the seminar.

Official on Significance of Contract System
HK051541 Beijing JINGJI RIBAO in Chinese
15 Jan 88 p 3

[Article by Li Zhongfan (2621 1813 0416), of the State Commission for Restructuring the Economic System: "Adoption of the Contract Management Responsibility System Is of Vital Strategic Significance to Reforms"]

[Text] The Adoption of the Contract Management Responsibility System Is a Historical Inevitability in the Process of Developing the Socialist Commodity Economy [subhead]

There must be two basic preconditions for the development of the socialist commodity economy: First, social division of work on the basis of large-scale production, and this requires that all enterprises bear their own economic responsibilities; and second, enterprises' functions as commodity producers and dealers on the basis of public ownership. These two preconditions are interrelated and neither is dispensable. Now, our country has basically prepared the first precondition, and has yet to create the second precondition through the reform practice. We have adopted many exploratory reform measures, such as expanding enterprise decisionmaking powers and turning profit delivery into tax payment. They have achieved certain results, but we are still far from establishing the enterprises' position as commodity producers and dealers and forming the second precondition for the development of the socialist commodity economy. Facts show that the contract management responsibility system is precisely a reform measure that can meet this requirement of the commodity economy. Scientifically and Comprehensively Understand the Contract Responsibility System [subhead]

The contract responsibility system has deep scientific contents. Briefly speaking, it is based on public ownership, operated by interests, and focused on responsibility, thus integrating responsibility, rights, and interests into a whole entity and separating ownership from management. This enables the enterprises to acquire the position of independent legal entities in producing and trading commodities. This system includes the following five main points:

First, it is based on public ownership. Public ownership is a requirement of socialized production, and it also opens broad prospects for the further development of the productive forces. It is an inevitable stage in the history of human social development. Our adherence to public ownership indicates that we deeply understand, and have full confidence in, the superiority of the socialist system, and also indicates that our economic structural reform is a process of self-improvement of the socialist system.

Second, it is focused on responsibility. The inherent superiority of public ownership is beyond question, but the problem is how to create necessary conditions to tap and ensure such superiority. For quite a long time in the past, some socialist countries did not fix economic responsibilities on the users of resources, and this led to great waste and low efficiency. This is the main reason for the low economic returns under public ownership. Contract management responsibility can effectively solve this serious problem—where no one in an enterprise takes responsibility for the economic use of the resources—and can tap the superiority of public ownership.

Third, economic interests become the operational mechanisms of the enterprises. Production and business operation of socialist enterprises are not motivated mainly by the property factor but by the interest factor. For enterprises under private ownership, because the means of production is owned privately, their first motivation is the growth of property, which is the starting point and final purpose of their business operation. They are motivated by the "property—interests—property" mechanisms. For enterprises under public ownership, the increase in interests is the first motivation of their business operation as their property is owned publicly, and there is a motivation mechanism of "interests—property—interests." It is completely possible for us to properly adjust and coordinate the interest relations between the state, the enterprise, and the worker to fully arouse the initiative and creativity of these three parties.

Fourth, ownership is separated from management. Under the conditions of public ownership, this separation means that the enterprises are no longer owned and run by the state, but will be owned by the state and run by the enterprises themselves. This is a necessary condition for defining the responsibilities, rights, and interests of the enterprises and overcoming the situation in which

the responsibility for the use of resources is not clearly fixed upon certain people, and it is also an inevitable requirement of the interest mechanisms.

Fifth, the legal entity position of the enterprises as commodity producers and dealers. The final purpose of the contract management responsibility system is to terminate the government's direct control over the enterprises and the enterprises' dependence on the government so that the enterprises can be turned into independent commodity producers and dealers that can determine their own business, bear responsibility for their own profits and losses, make independent accumulation, and have the ability for self-transformation and self-development. To realize this objective, the enterprises must have full decisionmaking power over their production and business management, including the power to manage production, distribute their incomes, market their products, fix product prices within the scope of the relevant state economic regulations, make investment decisions, and handle foreign trade (for some enterprises). Only when the enterprises owned by the whole people have full management power can they really become commodity producers and dealers, and can the superiority of the contract management responsibility system be fully demonstrated so as to gradually create favorable conditions for "standardization."

The contract management responsibility system will develop from an initial and imperfect stage to an advanced and perfect stage, and its concrete contents and forms will also advance and develop, and will be gradually be "standardized."

The Contract Management Responsibility System Has Multiple Functions [subhead]

The above-mentioned functions of the contract management responsibility system show that its functions are not unidirectional, but are multiple.

First, it will bring new operational mechanisms, which are full of vigor, to the enterprises. The enterprise operational mechanisms derive from their reaction to the external environment and their pursuit of internal targets. The contract management responsibility system clearly defines the relationship between the state and the enterprise in the aspects of responsibility, rights, and interests. Thus, enterprises will correspondingly have the motivation mechanisms, self-readjustment mechanisms, and self-control mechanisms. Together with the mechanisms of absorbing, applying, and developing technology, this will form a set of new operational mechanisms for "self-growth cycles," thus filling the enterprises with vigor and vitality.

Second, this bill promotes the separation of enterprises from the government, and create the conditions for political structural reforms. The separation of ownership from management at the state level will certainly lead to changes in the state's economic management functions.

The previous pattern of direct management based mainly on administrative means will be replaced by indirect management based mainly on economic means. The state, in general, will not directly invest in the enterprises and will not directly manage the personnel and financial affairs, materials, production, and marketing. The state's main functions are: Establish an overall environment which is favorable to enterprise operations; adjust the distribution of the total social incomes; provide public services; and exercise macroeconomic management. The operations of the enterprises are completely managed by the enterprises themselves. After the functions of the enterprise and those of the government are clearly divided, restructuring and streamlining the government institutions will be inevitable. Third, this will promote the formation and development of markets. The main body of the markets is composed of the enterprises. In general, the formation and development of the markets are determined by the selection power and payment ability of the buyers and sellers, that is, the decisionmaking power and self-accumulation capacity of the enterprises. After the adoption of the contract management responsibility system, the powers and capacity of the enterprises will obviously increase, and this will promote the development of the markets.

Fourth, this will help maintain the balance between total supply and demand in society. After the adoption of the contract management system, enterprises will have more profits left in their hands and will be able to accumulate more funds. This will increase their ability to increase the supply of goods on the basis of raising their economic efficiency, and will thus help maintain the basic balance between total supply and demand in society and create a favorable macroeconomic environment for reform. Thus, reform and economic development will promote each other.

Fifth, this will lead to the direct combination of the material production conditions with labor. As workers in enterprises owned by the whole people have relative ownership over the enterprise assets and certain decisionmaking powers over the enterprise business, they will be directly combined with the material production conditions in such enterprises, and their work enthusiasm will be greatly aroused.

Obviously, the above-mentioned functions of the contract management responsibility system will achieve three purposes: First, raising the efficiency of the use of enterprise resources; second, coordinating the interests and targets of the workers and the enterprises with the interests and targets of the state; and third, linking the business results of the enterprise and the work quality of the workers to their economic interests.

This shows that the contract management responsibility system not only complies with the public ownership foundation, the principles of joint work and distribution according to work, and the socialist orientation, but also embodies the basic attributes of a commodity economy,

and brings new and vigorous operation mechanisms to the enterprises. Meanwhile, this system is suited to our country's actual situation, in which the commodity economy has not been fully developed, the market mechanisms are not perfect and mature, economic development is uneven, and the new and old systems still coexist and jointly function in this transition period. So it is the best economic form and business organizational form for the development of the socialist commodity economy with Chinese characteristics. The Urban Economic Reform Should Be Carried Out with the Adoption and Implementation of the Contract System as the Main Part [subhead]

How should we evaluate the position of the contract management responsibility system in the overall economic structural reform which is focused on cities? How should we view the relationship between this and the structural reforms in the planning and financial work?

First, we should be clear that the contract management responsibility system is by no means a stopgap measure. If it is regarded as the transitional pattern, then it exists throughout the whole transition process from an undeveloped commodity economy to a fully developed commodity economy or from the old structure to the new structure, and this undoubtedly will be a very long process. With the development of the contract responsibility system, its forms will change greatly, but its substantial contents, such as the interest-oriented mechanisms, the definition of the responsibility, rights, and interests relationship between the state and the enterprise will continue to play a role throughout the initial stage of socialism. It will not become an obstacle to the further advance of the economic structural reform, but will just open the road for this reform.

The urban economic structural reform, especially the reform of the planning and financial systems, should be carried out with the implementation of the contract management responsibility system as the main part. Now, we have discussed the reform of the planning system for over 4 years, and the discussion has focused on the relationship between planning and markets. Should the two things be put together as two blocks, or be merged into a whole? No consensus has been achieved yet. Such abstract discussions cannot be pertinent. From the contents of the contract management responsibility system, we know that the central issue in the reform of the planning system is whether the government or the enterprises should be the main investing entity. According to the contents of the socialist commodity economy and the contract management responsibility system, the enterprises should be the main entities to decide investment. Such a change in the investment system will certainly lead to chain reactions in three aspects. First, the legal entity position of the enterprises as commodity producers and dealers can be established and consolidated, and they will become more dynamic in business operation. Second, because the activeness of the markets

is determined by the decisionmaking power and payment capacity of the enterprises, the continuous growth in the vigor of the enterprises will certainly enliven all kinds of markets, and only when the enterprises become dynamic can the market mechanisms be brought into full play in the economic operations and the guiding role of the markets be fully demonstrated. Third, after being freed from direct management over the enterprises, the government will be able to concentrate on macroeconomic studies, designs, and regulation and to exercise indirect control. Therefore, the planning system must be reformed in light of the contents of the contract management responsibility system, and only thus can the reform be effective.

In the past, the main problem in our financial system was the "unified state control over income and expenditure." Without changing this practice, it will be hard to arouse the initiative and creativity of the enterprises and workers, to invigorate the enterprises, and to improve the economic returns. Our reform practice in the past 9 years shows that only by shifting the accumulating function for expanding reproduction to the enterprises in light of the requirements of the socialist commodity economy and the contract management responsibility system and developing their self-accumulating capacity for self-development and self-transformation can the financial system of "unified state control over income and expenditure" be radically changed. For this purpose, the proportion of enterprise profits being delivered to the state should be reduced by a big margin. At the beginning, this may affect the state revenue; but in the long run, the state may not collect a lesser financial income. Although the percentage of profits handed over by the enterprises may become smaller, the total amount may not be a smaller one.

The above analysis shows that the contract management responsibility system is of great strategic significance for the economic structural reform in our country. It is expected that in the near future, it will substantially develop in depth and in scope. It will not only be adopted in industrial and commercial enterprises, but will also be adopted by the transport, energy, foreign trade, and banking industries. Meanwhile, it will extend from the scope of simple reproduction to expanded reproduction.

Of course, the contract management responsibility system remains in the exploratory stage, and it is still not perfect yet. For example, we still have to study and solve the issues concerning the identity of the representative of the owner and its legal entity position, the establishment of a scientific leadership system, the reasonable targets of the contracts, the training of the managers, and guarantee for the master position of the workers in their enterprises, the legal guarantees for the contracts, and the expansion of the business decisionmaking power to the field of expanded reproduction, and so on. All this must be handled and solved through out reform practice.

Wang Bingqian on Capital Construction Control
OW080951 Beijing XINHUA in English 1636 GMT
6 Feb 88

[Text] Beijing, February 6 (XINHUA)—Wang Bingqian, state councillor and minister of finance, today urged further control of investment in capital construction this year.

Speaking at a national working conference of the Construction Bank of China, Wang said, localities and government departments which plan to undertake capital construction projects should purchase bonds for construction of key state projects first.

Loans for fixed-capital investment this year will be deducted in areas which have not yet fulfilled the purchase of [word indistinct] bonds for construction of the key projects, and office buildings, hotels and assembly halls, which have not been approved must stop construction, expansion or maintenance, Wang indicated.

The minister explained that this year's economic work will focus on further stabilizing the economy, deepening the reform and continuing the drive of increasing production while practising economy.

Strictly limiting the scale of capital construction to ensure the completion of key state projects is necessary to stabilize the economy, cut back on the expansion of investment and make investments more productive, he said.

Wang stressed that investment outside the budget must be brought under control and asked banks not to make loans to projects outside the budget or projects built with locally-aided investment but without a guaranteed supply of energy or raw materials.

He praised the Construction Bank of China for doing a good job in helping the state save a total investment of five billion yuan last year by making overall feasibility studies and appraisalment before construction of projects and helping construction units to shorten construction time and reduce costs.

Chen Muhua on Loan, Currency Issuance
OW081135 Beijing Domestic Service in Mandarin
2230 GMT 3 Feb 88

[By reporter Li Renzu]

[Text] This year the state has decided to increase the amount of loans to be issued by 10 % while reducing money supply by nearly one-third compared with last year.

Chen Muhua, state councillor, said at a national meeting of branch directors of the Bank of China on 3 February that in order to fulfill these two targets, it is necessary to

control the overall money volume and readjust the structure of monetary work, thereby creating the necessary conditions for stabilizing the economy and deepening reform.

She said: In controlling the overall volume of funds, we should strictly set the amount of loans to be issued and the money supply within the limits of the state plan by structural readjustment, and at the same time remove or add projects receiving loans as necessary. Only by so doing can we ensure money supply for projects that deserve loans.

Chen Muhua said: Banks are the state's major means for exercising macro-economic control. Both central and specialized banks should take part in macro-economic regulation and control, and bring into play their respective roles. To bring into better play its role as a specialized bank for foreign remittances and trade, the Bank of China should strive to increase its capability to self-supply currency and issue renminbi loans. She said: Last year, the Bank of China was able to self-supply 38 % of all renminbi currency, up 7 % from the previous year. The bank should strive to increase this percentage by more than 60 % this year. To this end, it is necessary to promptly step up efforts to improve grass-roots banks in order to expand the sources of funds.

She stressed: As China enters a new stage in reforming its foreign trade system this year, the Bank of China should actively coordinate reform by ensuring necessary funds for foreign trade exports and take the initiative in collecting remittances from foreign trade exports as soon as possible.

Practicing Economy in Factories Viewed
HK080806 Beijing CHINA DAILY (BUSINESS WEEKLY supplement) in English 8 Feb 88 pp 1

[“Special to BUSINESS WEEKLY” by Ren Haihua]

[Text] For State-owned factories plagued by a waste of funds, political exhortation would have been their only resort to encourage thrift several years ago.

But nowadays, with the emergence of factory banks, the ideological approach is being replaced by material incentives and rewards.

Since 1979, many State-run enterprises have set up internal banks of their own, setting prices for the materials allocated by the country's economic planners.

The internal financial body opens accounts for the various departments. Instead of drawing materials free of charge, the departments are now required to buy the goods using cheques issued by the factory.

Departments achieving a surplus can get bonuses, while those with deficits will face monetary punishment.

For years, funds and materials supplied by the State used to be available to everyone in a factory. Workers were allowed to take goods as they wished, which triggered waste, inefficiency and eventual losses in production. Furthermore, excessive consumption of State resources did not adversely affect the wages of employees.

The innovative practices which link workers' earnings to their performance have effectively started a campaign to reduce waste and brought benefits to businesses. The Tianjin No 2 Radio Element Factory, for instance, last year successfully coped with a 30 per cent increase in the price of raw materials through practising economy. By the end the year it lowered its products' cost by 2 per cent and its profits went up by 66 per cent.

The State as well as the factories have been happy with the reforms. Government planners to some extent have been relieved of the burden of providing all the materials for enterprises at cheap prices.

Last year the State allotted only 70 tons of copper bands to the Tianjin Radio Element Factory, although the total demand was 170 tons. To make up the gap, workers and managers of the factory decided to retrieve leftover pieces of previous products.

Over the past nine years, the Beijing Internal Combustion Engine Factory, a key engine manufacturer in North China, has reduced the time that working capital is tied up from 133 to 90 days. The internal banking system has enabled the enterprise to make more efficient use of its money. Moreover, workers have begun to think of parts and material in monetary terms.

“I used to throw away cutting tools if two out of the 10 blades were broken,” said Zhang Xiqing, a worker. “Now I no longer dispose of such tools because the total loss can be as much as 2,000 yuan.”

Problems of Export-Oriented Industry Viewed
OW051131 Beijing XINHUA Domestic Service
in Chinese 0244 GMT 3 Feb 88

[By XINHUA joint correspondents group]

[Text] Shanghai, 3 Feb (XINHUA)—Title: “Those Who Go Abroad Bring Back No Foreign Exchange, Those Who Earn Foreign Exchange Have a Hard Time Going Abroad”

—Jottings on News Coverage About the Development of Export-Oriented Economy in the Chang Jiang Delta

Not long ago, while talking about opening to the outside world, a deputy mayor of Suzhou City told the following story: In the past few years, many tourists from abroad, after visiting the city's factories, especially its village and town enterprises, are often impressed by the fascinating products that come out of the hands of peasants, so much so that they want to sign a contract on the spot for such

products. However, the factories are not empowered to negotiate and sign contracts. Even the city authorities are powerless. All powers to quote prices and sign contracts are in the hands of the provincial foreign trade and even the central foreign trade departments. This has not only sent the foreign businessmen home disappointed but caused us to let opportunities to earn foreign exchange slip by time after time.

The foreign trade system that has been in practice for many years in our country gives no power to enterprises to handle external operations and makes foreign trade departments the only channel through which products are bought or sold. The disadvantages of this system are becoming more and more manifest now that we deepen reform and open up each passing day.

Because industry and foreign trade departments are isolated from each other, because producer and marketing units have no direct contact with each other, and because enterprises are utterly ignorant of prices on the international market, the enterprises are usually passive and blind as far as production is concerned. This is the universally held opinion among the many county-run factories and village and town enterprises in the Suzhou-Wuxi-Changzhou area, the Hangzhou-Jiaxing-Huzhou area, and the Shanghai suburban areas. Some factories describe their production of export products as "walking in a fog" and "a blind person using his hands trying to figure out what an elephant looks like." Some factories are blunt, saying they are "totally detached from market reality like a person making a cart behind closed doors."

Wujiang County, which is well-known at home and abroad for its silk, has developed its technology for the latter-stage treatment of silk to such an extent that its technology now has attained the international level. However, because of the lack of direct contact between itself as the production unit and the marketing departments, its silk products fail to meet international market demand in regard to their patterns, color, and design. Hand-made embroidered dresses can sell at very good prices on foreign markets and buttons made of shells are in vogue abroad. But the county's factories use organic fiber buttons procured at high prices on these embroidered dresses. They thus have outsmarted themselves and in one stroke caused their products to be downgraded. Seeing what is going on there, businessmen from Hong Kong cannot stop sighing, saying, "What a pity! You should go abroad and open as many windows as you can."

Some village and town enterprises that make products of materials supplied by foreign firms are being hoodwinked by foreign businessmen because they know nothing about foreign markets. They remain ripe for picking even after sustaining a great loss in labor compensation and in terms of delivery date and product quality. A small enterprise of joint Sino-foreign investment in southern Jiangsu suffered a deficit last year in its production of leather gloves with materials supplied by foreign firms. This was all because it had no contact with

the marketing departments and was unable to do anything to prevent the foreign firms from jacking up the price of the raw materials they supplied and forcing down the sales price of its products. It was not until the enterprise's Chinese personnel obtained information about the international market price from the international consultation departments that the enterprise realized it had been taken. It was then able to argue strongly on the just grounds of the case with the foreign firms and got itself out of its passive position this year. They pointed out with emotion: "How can we expect our products to break into the international market when we ourselves are kept within the country?"

The fact that enterprises have no power to make external deals and have to go through the higher-ups if they want to do so also seriously affects work efficiency. Some factories, in their efforts to process and assemble materials supplied by foreign firms and engage in compensatory trade, are wasting a great deal of time and energy going from place to place just to get their applications examined and approved by the various departments. Some factories have to go through scores of units and departments and get hundreds of official seals just to import a set of equipment. A Japanese businessman who supplies materials for processing and assembling in Kunshan County travels to the county once every month. It takes him only 3 hours to get to Kunshan from Japan and another half hour to finish what he comes to do. However, he has to go to Suzhou and Nanjing to complete all procedures in the departments of foreign trade and administrations of industry and commerce there and it takes him at least a week to make one such trip. He says with a wry smile: "Nanjing is farther away than Japan!"

Last June, a Japanese garment businessman visited Hangzhou to inquire about the possibilities of setting up a finishing factory for Western suits. He was very pleased with the samples supplied by a local factory. After he was told that the factory had no authority to deal with foreign firms and that procedures pertaining to transactions must be examined and approved by the relevant departments, he said: "I am interested in setting up a factory for completing the final sewing of Western suits. In case of a delay in delivery, my effort will be in vain." He returned to Japan empty-handed.

Experience has shown distinctively the benefits of granting an enterprise the authority to directly deal with foreign firms and its supply and marketing personnel permission to go abroad. Originally, the Qiuyi Cold Storage Factory in Ningbo City sold its gizzards to the provincial foreign department at a price of 2,000 yuan per ton for exportation. During a trip to Hong Kong last May, the factory director saw with his own eyes the high prices and great demand for gizzards at the local market. Upon his return, he negotiated with the provincial foreign trade department which then increased the purchase price by more than 100 percent and the export price by a big margin. According to the city's

bureau for village and township enterprises, although less than 10 village and township entrepreneurs from Ningbo went abroad in the past few years, they all brought orders back home.

Along with the deepening and expansion of the reform and open policy, the people have become increasingly aware of the necessity of shifting the Chang Jiang Delta's economy to an export-oriented one. However, comrades of many enterprises have misgivings about relying on foreign trade departments as the only channel in competing on the international market. They urge the authorities to remove the current excessive control over foreign trade and to change the unreasonable policy which "lets those who cannot earn foreign exchange go abroad but makes it difficult for those who earn foreign exchange to do so." To be more specific, the decision-making powers in foreign trade should be delegated to lower levels. Foreign trade departments should allow entrepreneurs who can earn foreign exchange to go abroad, and help enterprises to form enterprise groups and explore markets abroad. They should be given a free hand to establish direct contacts with foreign firms, import raw materials, market their products, and directly sign contracts for processing and assembling materials supplied by foreign firms and for compensation trade. They should also be allowed to dispatch personnel abroad to study markets, obtain firsthand information, stage product fairs, and set up trade offices. Only by so doing can they develop their ability to the full in the international economic arena.

Garment Export Value Increases in 1987
OW071134 Beijing XINHUA in English 1120 GMT
7 Feb 88

[Text] Beijing, February 7 (XINHUA)—China's export value of clothing went up 30 percent last year over 1986 to reach two billion U.S. Dollars, Yu Zongyao, general manager of the Chinese Garment Industry Corporation, said today.

This was a result of incorporating the garment industry into that of the textiles, which makes it possible to coordinate processes from raw materials production to tailoring, he said.

Since last year when China merged its textile and garment industries, clothing production in 24 of China's 29 provinces, municipalities and autonomous regions has been placed under a unified management.

Beginning from last year, Yu said, the textile industry has included the production of stuffs needed by the garment industry into its production plan. This has greatly improved the situation in which the garment industry often had to wait for materials.

Last year the state invested 120 million yuan (32 million U.S. Dollars) in the renovation of the garment industry, 60 percent of which were used to import equipment.

Textile Firm Plans 'Big Structural Reforms'
HK080502 Beijing CHINA DAILY in English
8 Feb 88 p 2

[By staff reporter Qu Yingpu]

[Text] The China National Textiles Import and Export Corporation will launch big structural reforms this year to speed the sharing of management responsibility and expand trade volume, a senior official said.

"Our reforms this year will break the monopoly of the head office in foreign trade by distributing more decision-making powers to our branch companies so trade can be conducted at various levels," said Zhou Yunzhong, president of the corporation, at a meeting of its branch managers in Beijing over the week-end.

Under the reform plan, the branch companies will have a free hand in trading garments and knitwear, woollen fabrics, printed and dyed fabrics, chemical fabrics and ramie and linen yarn, Zhou said.

Branch companies in those cities and provinces which already have the power to conduct foreign trade in bleached cotton cloth, bleached T/C cloth (45 percent cotton and 55 percent wool) and Arab gowns and trousers will also be given full freedom to conduct such trade.

Foreign trade in cotton yarn, grey cotton fabrics, unbleached cotton cloth, and unbleached T/C yarn cloth will be jointly handled by the head office and the branches.

Provincial or city governments and the head office will plan exports of these products jointly. Contracts with foreign buyers will be signed by the head office. A vice-president of the corporation will be responsible for organizing a cooperative group to handle these exports.

Exports of bulk cotton will still be controlled solely by the head office under the State plans.

Zhou said all of the corporation's trade with East European countries and the Soviet Union would still be directed by the head office, which will give particular export tasks to its branch companies.

The corporation is also planning to set up a large group of textile companies to speed the distribution of management responsibility on an international scale. The group will consist of the corporation's branch companies, its overseas subsidiaries and joint ventures and its domestic co-operative partners as well as provincial foreign trade companies and other foreign and domestic firms.

Zhou said the group would seek to cultivate the international market, strengthen the competitiveness of the corporation's overseas ventures, and set up new ventures abroad, including in the Soviet Union and East Europe.

He said the group would be involved in leasing, all kinds of domestic and foreign trade, technological development, insurance, information, finance, transport and advertising.

Zhou said his corporation was confident about starting such an organization, with 58 domestic branch companies, 67 co-operative factories and 22 overseas subsidiaries in 15 countries and regions. It has over 4,000 wholesale customers throughout the world.

The corporation is China's largest in terms of export volume. Last year, it had a record high export value of \$6.77 billion, 26.5 percent more than in 1986.

In January, the corporation exported \$570 million worth of textile products, \$34 million more than in the same month last year. Also in January, it contracted to export \$300 million worth of gauze and other textile products to Hong Kong and Japan

Commentator Praises Enterprise Groups
HK060717 Beijing JINGJI RIBAO in Chinese
14 Jan 88 p 2

[Commentator's article: "Provide Positive Support for Enterprise Groups"]

[Text] In today's world, as science and technology advance, there has been a new trend in economic development, namely, the intensive development of technology, the centralization of production, and the internationalization of markets, thus giving a powerful push to the formation of enterprise groups. Most economically developed countries have tens or hundreds of large-sized integrated enterprises. These large-sized enterprise companies amass huge amounts of funds and have multiple functions in such areas as scientific research, production, management, and services, giving an impetus to the development of a myriad of medium-sized and small enterprises. Not only do they form the economic mainstay of their countries but they also serve as an effective enterprise organization form in the course of modern large-scale production.

In the last few years in our country's economic structural reform, with the development of the commodity economy and the formation of lateral economic associations between different enterprises, a batch of enterprise groups have emerged one after another. This embryonic form of enterprise organization is displaying great vitality. We must adopt a policy of active support, strive to create conditions, and give better guidance to this new form so that a number of large-sized enterprise groups which are of great significance to the national economy can be gradually formed and their strategic role in economic development and economic restructuring can be put into full play.

The formation of enterprise groups will help remove barriers between different departments and regions, end the situation in which enterprises are "large and complete" or

"small but complete," and rationalize the enterprise organization structure. The past practice of "centralizing" and "decentralizing" power over enterprises mainly using administrative means failed to thoroughly improve the irrational product mix and organization structure of enterprises. The rise of enterprise groups has opened up a stage for large-sized enterprises to play a leading role. In market competition, only when the numerous medium-sized and small enterprises gradually develop their strong points and perform their own functions in accordance with their own needs, centering around large-sized enterprises, can a rational pattern steadily take shape.

The formation of enterprise groups will help develop socialization and cooperation in specialized production, achieve an optimal combination of production elements and a rational distribution of resources, and form a rational economic scale. At the same time, it will also help promote technological progress and rapidly turn science and technology into productive forces. Compared with medium-sized and small enterprises, large enterprises have in general more strong points in such fields as qualified personnel, technology, equipment, and means of information. The emergence of enterprise groups will enable large enterprises to enhance their capability to develop new technologies and to spread their extensive use, and to bring along a large number of medium-sized and small enterprises to the track of common development and improvement.

The formation of enterprise groups will help enhance enterprises' economic and technical strengths and boost their competitiveness in domestic and overseas markets. Through diversified and flexible management, enterprise groups can form flexible mechanisms commensurate with multilayer and diversified market conditions; increase their products' competitiveness in domestic and overseas markets in terms of time, quality, quantity, and product variety; and can be in a better position in competing with comparatively strong competitors in international markets.

The formation of enterprise groups will help change the government's functions in economic management and separate the functions of the government from those of the enterprises. After enterprises joined a group, they are freed from the bounds of administrative management and their behavior will be put on the track of intensive development, standardization, and rationalization, thus creating conditions for a transition from direct to indirect state controls. It can be envisaged that in the future, so long as the state strengthens guidance through planning over tens of large-sized enterprise groups and brings along with them the great majority of enterprises throughout the nation, the planned, proportional, and coordinated development of the entire national economy can be ensured. This will also help readjust and reform the internal production structure of state-owned enterprises' ownership forms. In terms of the current enterprise groups, they are in general formed on the basis of different ownerships, with enterprises with different

forms of ownership becoming shareholders by investing in each other. In this way, the ossified pattern of single public ownership which has prevailed for many years has been smashed and our economy invigorated. The adoption of a shareholding system by an enterprise group is an effective way of expanding the scope of the group and harmonizing the relationship of interests between the state, the departments, the localities, and the enterprises.

To put it briefly, enterprise groups are the principal force for developing China's socialized large-scale production, the backbone of technological progress, and the hope for China to become a member of the ranks of the world's advanced nations. To develop our country's enterprise groups more rapidly, attention should be paid to handling several issues well. 1) Stress voluntary participation and mutual benefit and offer active guidance. 2) Encourage competition and guard against monopoly. Generally speaking, as far as a certain trade is concerned, no national monopolistic enterprise group is encouraged, but enterprise groups of the same trade are encouraged to compete with one another, to promote technological progress, and to raise economic results. Group members should both strengthen coordination and cooperation and encourage sound competition among themselves, and should refrain from protecting the backward. 3) Achieve an optimal combination and a rational structure. We should break down the barriers between different departments, regions, and trades and between different ownerships, and form associations between military and civilian enterprises, between enterprises in the coastal areas and the interior, and between enterprises in such areas as communications and transportation, industry, commerce, and trade so as to accelerate the rationalization of the enterprise organizational structure. 4) Rely on science and technology and enhance staying power; an enterprise group must have a fairly powerful capability to develop technology so that it can replenish and strengthen its existing capability to develop technology and develop different forms of associations with scientific research and designing units. At the same time, independent scientific research and designing units are encouraged to join an enterprise group and become the group's technological development center.

Discussion on Formation of Enterprise Groups
HK060651 Beijing JINGJI RIBAO in Chinese
14 Jan 88 p 2

[Article by the State Commission for Restructuring the Economic System and the State Economic Commission: "Several Opinions Concerning the Organization and Development of Enterprise Groups"]

[Text] Implications of Enterprise Group [subhead]

1. An enterprise group is an economic organization with a multi-tier organizational structure which has emerged to suit the objective needs of the development of a planned commodity economy and socialized large-scale production. The core of the organization is an economic

entity which has independent management and its own business accounting, operates on a profit and loss basis, pays taxes in accordance with regulations, bears economic responsibility, and has the qualifications of a legal entity.

2. An enterprise group is based on public ownership, with brandname or high-quality products and the products of major importance in the national economy as the lead. It is composed of several enterprises and scientific research and designing units which have internal economic and technical connections, with one or several large and medium-sized key enterprises and independent scientific research and designing units as their main bodies. It occupies a decisive position in a certain trade or in the production and management of some products and has relatively powerful, comprehensive capabilities in such areas as scientific research development, production, marketing, information, and services.

3. The formation of enterprise groups is of far-reaching significance in deepening the economic structural reform and developing the productive forces. The development of enterprise groups will help remove barriers between different departments and regions, end the situation in which enterprises are "large and complete" or "small but complete," and rationalize the enterprise organizational structure; help develop socialization and cooperation in specialized production, achieve an optimal combination of production elements and a rational distribution of resources, and form a rational economic scale; help promote technological progress and turn science and technology into productive forces rapidly; help enhance enterprises' economic and technical strengths and boost their competitiveness in domestic and overseas markets; and help separate the functions of the government from those of the enterprises, change government functions in economic management, deepen reforms in the internal departments of enterprises, and improve enterprise operation mechanisms. Principles Concerning the Formation of Enterprise Groups [subhead]

4. Stress voluntary participation and mutual benefit and offer active guidance. An enterprise group is formed by enterprises in accordance with the principle of voluntary participation and mutual benefit and in keeping with the needs of society as well as their own. Enterprises are free to join or quit an enterprise group, according to the stipulations of the group's regulations. Governments and competent administrative departments at all levels must actively guide enterprises in joining a related group in accordance with industrial policies and the requirements for a rational enterprise organizational structure, but they shall not coercively form any enterprise groups from top to bottom using administrative means. An enterprise group shall not concurrently have any administrative functions as the government has.

5. Encourage competition and guard against monopoly. Generally speaking, as far as a certain trade is concerned, no national monopolistic enterprise group is encouraged,

but enterprise groups of the same trade are encouraged to compete with one another, to promote technological progress, and to raise economic results. An enterprise group should introduce an element of competition into its internal departments, and group members should strengthen coordination and cooperation and encourage sound competition among themselves and should refrain from protecting the backward.

6. Achieve an optimal combination and a rational structure. We should break down barriers between different departments, regions, and trades as well as between different ownerships and accelerate the rationalization of the enterprise organizational structure. On the basis of forming associations between military and civilian enterprises, between enterprises in coastal areas and in the interior, and between enterprises in such areas as industry, transport, commerce, and foreign trade, the state and localities should gradually establish a number of organically integrated enterprise groups which can use resources rationally and have substantial strength.

7. Rely on science and technology and enhance staying power. An enterprise group must have a fairly powerful capability to develop technology and actively accelerate technological progress. Independent scientific research and designing units are encouraged to join an enterprise group and become the group's technological development center. At the same time, enterprise groups are encouraged to replenish and strengthen their existing capability to develop technology and form lateral associations with scientific research and designing units.

Conditions for Forming Enterprise Groups [subhead]

8. An enterprise group has a multi-tier organizational structure that is generally composed of closely integrated, semi-integrated, and loosely integrated tiers.

A group company is the closely integrated tier of the enterprise group and constitutes its main body. It gradually integrates assets and management. Enterprises at the semi-integrated tier can invest in each other using their own funds or equipment, technology, patents, and trademarks. They can also carry out operations under the unified management of the group and share interests and bear responsibility according to the proposition of the assets they invested or the provisions of their agreements. Enterprises at the loosely integrated tier enjoy rights, carry out commitments, operate independently, and assume civil responsibility under the guidance of the group's management principles and in accordance with the provisions of the group's regulations and of their contracts.

An enterprise group is encouraged to try a shareholding system experimentally and to further explore forms of separating ownership and management.

9. A group company must have a set of regulations for all sides concerned to follow, conditions and means commensurate with the scope of its operation (such as funds, facilities, and site), a name list of enterprises under the company, a sound financial system, a relatively stable organizational form and management setup, and a feasibility study report.

10. The formation of transprovincial and transregional national group companies should be examined and approved by departments authorized by the State Council. The formation of regional group enterprises should be examined and approved by the people's governments of the provinces, autonomous regions, municipalities, or cities whose social and economic development plans are listed separately in the state plan, where the regional group companies are located, after consulting the competent departments of the State Council, in accordance with the principles and conditions for forming enterprise group. They can carry out their business activities according to the law after registering with industrial and commercial administrative departments. Internal Management of Enterprise Groups [subhead]

11. The leadership structure of an enterprise group is in principle established by its member enterprises in light of actual conditions and through consultations. Some group companies may practice a manager responsibility system under the leadership of a board of directors, and others may introduce leadership systems other than the managerial responsibility system. Appropriate democratic management and supervisory organs should be established no matter which leadership systems are adopted.

12. As far as the internal management of an enterprise group is concerned, full play should be given to the groups's strong points as a whole and the initiative and creativity of its member enterprises, and efforts should be made to work out a unified strategy and unified development plan and to develop products that play a leading role in a unified way. A group company should be managed in accordance with the principle of combining centralization and decentralization. The scope and degree of centralized and decentralized management should differ between different group companies. Generally speaking, a good job should be done in the centralized and unified management of such areas as making major policy decisions, determining major investment projects, and appointing and removing principal managerial personnel.

13. Enterprise groups must correctly handle the relationship of distribution of interests between the state, the localities, the departments, and the member enterprises and take the interests of all quarters concerned into account so that they can equally share interests and take risks together. In their economic intercourse, member enterprises should follow the principles of equality, mutual benefit, and compensation and refrain from

using each other's assets without compensation. Moreover, they shall not infringe upon the interests of the state. In the regulations of enterprise groups there must be a clear provision about the relationship of interests between member enterprises and the economic responsibility they should bear.

14. Under the guidance of industrial policies, enterprise groups should work out their immediate- and long-term development plans and make readjustments in line with the requirements of specialization and production expansion. They should gradually establish and perfect mechanisms to develop and restrict themselves and pay attention to overcoming short-term enterprise behaviors.

External Conditions for the Development of Enterprise Groups [subhead]

15. Enterprise groups, in particular group companies, must have their own decision-making powers. Conditions should be gradually created to expand their powers in determining, examining, and approving capital construction and technological transformation projects, in developing new products, in determining the scope of operations and marketing, in setting prices for products to be sold through their own channels, in conducting import and export in their trade with other countries, and in importing technology using their officially owned foreign exchange and to stipulate the economic responsibilities they should undertake.

16. With the approval of the People's Bank of China, an enterprise group is authorized to set up financial companies. The financial companies are entitled to raise funds in the internal departments of the group and to establish business relations with banks or other financial institutions or to entrust some specialized banks as their financial business agents. After being approved, an enterprise company can raise funds from society at large. Central and local authorities should designate some amounts of special funds in their credit quotas to support the development of enterprise groups.

17. Large-sized group companies that hold an important position and play an important role in the national economy are allowed to list their development plans separately in the state plan. Provinces, autonomous regions, and municipalities directly under the central government and cities whose social and economic development are listed separately in the state plan are encouraged to set regional group companies, where conditions permit, to implement the separate listing scheme on a regional basis.

18. All regions and departments must actively guide and support their own enterprises in joining transregional and transdepartmental groups and must treat them equally without discrimination and continue to give enterprises equal treatment in policy matters as they are

given by their own regions and competent departments. Independent scientific research and designing units that join an enterprise group should continue to enjoy their previous policy treatment.

An enterprise group requires a process of development. Various regions and departments must vigorously support and ensure the development of enterprise groups using economic and legal means. They must especially work out laws and regulations concerning investment protection, property rights, property management, and guarantee the interests of all sides concerned as soon as possible. In establishing enterprises groups, we must strive for the most optimal combination in accordance with industrial policies, in light of actual conditions, and on the basis of full deliberations on feasibility propositions and of an analysis of economic results and must guard against rushing headlong into mass action in an unplanned way. All regions, departments, and enterprise groups must see to it that they make active explorations and sum up experience in practice so as to ensure the sound development of enterprise groups.

Rural Industries Facing 'Tough Challenges' OW070250 Beijing XINHUA in English 1235 GMT 5 Feb 88

[Text] Beijing, February 5 (XINHUA) — China's rural industries are still facing tough challenges to continue the present growth rate after a record boom last year, a senior agricultural official told XINHUA today.

The output value of rural industries grew at an average rate of 28 percent over the past nine years to last year's record of 450 billion yuan, according to Chen Yaobang, vice minister of agriculture, animal husbandry and fisheries.

Chen called the growth rate surprising but said that it was mainly achieved by expanded production bolstered by input increases, which should turn to intensive production backed up by technical improvement to adapt the changing markets both at home and abroad.

He said that 85 million former farmers were now employed by the township enterprises, which boasted total fixed assets worth 170 billion yuan.

Despite all this, Chen said, rural industries' traditional ways of extensive production and management no longer suited present situation and their target to enter the world market.

He noted that China would turn to rural industries to absorb a large part of the 400-million labor force in the countryside by the end of the century. China's agricultural modernization and improvement in living standard in the rural areas could only be ensured by a healthy development of these industries, he added.

By the year 2000 rural industries are estimated to employ about 200 million farmers and their total output value would take 70 percent of the gross rural social product to reach 1,500 billion yuan.

The application of agro science and technology should be the first way to achieve this goal, the vice minister said. Plans and policies have been made to help rural industries update their technology, import advanced know-how and equipment, improve their management as well as the quality of their products.

Chen urged rural enterprises to adjust their product structure in keeping with their local resources and production capacity. Those in developed areas should turn to labor intensive and assembling industries to expand export and serve urban industries, while those in less-developed mountainous or remote areas should open up their local resources and develop their own processing and transportation industries.

Article on Peasants' Voiced Grievances
HK080549 Beijing NONGMIN RIBAO in Chinese
20 Jan 88 p 1

[Article by People's Armed Forces Department of Hekou District of Dongying City in Shandong, edited by Guo Bendong (6753 2609 2639): "Please Listen to the 'Grievances Voiced' by the Peasants"]

[Text] Editor's note: Where there is injustice, there will be an outcry. The article "Please Listen to the 'Grievances Voiced' by the Peasants," published today, indicates the views of peasants regarding some problems existing in agricultural policies, the position of agriculture, and rural development. Although they are 'voicing grievances,' we should take them seriously.

We should admit that there are some aspects in our agricultural policies that must be perfected. We should not merely pay lip service to strengthening the foundation of agriculture. It is necessary to create a fine environment of social service for rural development. The article 'Grievances Voiced' shows that these problems must be urgently solved.

The departments concerned should not stifle the peasants' 'grievances.' Instead, they should allow the peasants to air their grievances, listen to their grievances, and then analyze which problems involve policies that should be perfected and which are mistakes made in implementing the policies and solve the problems one by one. This is much better than turning a deaf ear to the peasants' difficulties, being indifferent to them, or paying lip service to them. Isn't the practice of holding conversations popular nowadays? These are the problems to be dealt with in conversations. [end editor's note]

Following the 3d Plenary Session of the 11th CPC Central Committee, the living standards of the peasants have improved remarkably. However, can we say that

everything is perfect and that there are no problems at all? This author met with some 200 peasants in two districts and three counties and came to understand their joys and worries. Our newspapers have carried many articles of praise in the past. Now we offer excerpts of the 'grievances voiced' by 9 peasants to our readers to draw the attention of various circles in society. The Peasants Have Difficulties in Farming, the Grain They Sell Is Worthless [subhead]

Wu Changming (age 45): I am just a peasant, and so I know nothing about industry or commerce. When others told me that you cannot become rich by farming, I did not believe it. Now I believe it. I led my whole family in working hard throughout the year and reaped a good harvest. We gathered 6,000 jin of wheat and 5,000 jin of corn. After deducting grain rations for the 6 members of the family, we could have earned more than 1,000 yuan by selling the remainder at the market price. However, little remained after deducting money for fertilizer, irrigation, and other production costs for the coming year. It is true that "a trip to the city (refers to engaging in commercial business) is much better than harvesting thousands of jin of grain."

Chen Minghan (age 38): The system of contracting output to each household has indeed aroused the initiative of the peasants. However, new problems have emerged. I spent several thousand yuan over the years to purchase farm implements. In the past, a pumping machine could be purchased jointly by several brothers or relatives. Now this method won't work. Each household has to purchase farm tools for itself. In fact, the machines are only used for a few months of the year. How can we do everything on a household basis!

Wang Chinghe (age 50): People say that the peasants have become affluent. In fact, people know nothing of our hardships. This can be seen in the following example: The government called on the peasants to grow cotton. All right, we worked hard and grew large areas of cotton. However, when the purchasing centers had collected enough cotton, they not only reduced the purchase price, but also refused to purchase any more of our cotton. The peasants waited in a line several li long to sell their cotton, but to no avail. Is it not true that we feel anxious when the cotton does not grow well and even when we reap good harvests? They are simply playing with the peasants. If the state wants us to grow grain, it should supply chemical fertilizers according to the contract. Now chemical fertilizers are in short supply. Urea, which costs 20 yuan or so, cannot be purchased even with 30 or 40 yuan. Those who have social connections take advantage of them to make a profit. They go in through the back door or misappropriate the quotas to purchase chemical fertilizers and then resell them to the peasants at a high price. The honest peasants are those who suffer losses in the long run. The Authorities Should Give Us Explanations if They Want Our Money [subhead]

Shi Xinchun (age 29): There has been too much retention of funds recently in the rural areas. Every year we have to subsidize the five or six cadres of the village with a maximum of over 1,000 yuan or a minimum of several hundred yuan. Do you think the peasants earn money very easily? Actually, it is unnecessary to have so many cadres. Two are enough if they work hard for the peasants.

Wang Zuoliang (age 25): Is the state not building democratic politics? We peasants also want democracy. We can no longer bend with the wind. If the authorities want our money, they should give us explanations, clearly list the items, and make them known to all.

It is an established custom for the peasants to farm and pay grain taxes to the state. As long as the taxes are reasonable, the peasants are willing to pay them. However, we cannot help but know that the money from the grain taxes fills the pockets of the "lords."

Who Cares About the "Poor" Cultural Life? [subhead]

Zhang Xiaohe (age 53): I earned some money recently by doing some carpentry, and the villagers called me a "10,000-yuan household." However, I spent a lot of money this year on my son's wedding and ran up a debt of 1,000 yuan. The practice of holding extravagant wedding ceremonies still prevails in rural areas. Every family wants to display its wealth and no one is willing to lag behind the others. If the parents have financial difficulties, they have to borrow money everywhere to prepare for the wedding. I was able to earn some additional money by doing some carpentry; you can imagine how difficult it is for peasants engaged only in farming to prepare for a wedding.

Li Feng (age 20): The rural areas are really cut off from the outside world! The wind of building socialist spiritual civilization has blown for years, but it has not yet reached the rural areas. Who cares! Everyone is busy and very few people from the higher levels have come to our village. You'd better ask and see how many people in the village know the village head or party secretary, to say nothing of the county party secretary or magistrate. There is a lack of cultural life for youths in the rural areas. A young girl from our village stealthily went to the county seat to attend a ball. When her parents were informed later, she was beaten for several days. If you do not believe it, you may ask her yourself. She lives near my house.

Yang Qing (age 23): I have no regrets about it, even though I was beaten, because I dared to seek freedom. Other young people in the village who were not allowed to go have asked me about the ball in the county seat. I wish to disclose my secret to you: I plan to reject the betrothal gifts during my wedding next year. We must have the courage to break with conventional practices. We are now in the 1980's, and yet feudalism still prevails in the rural areas. We cannot always blame the peasants.

The radio stations, newspapers, and periodicals are not living up to their responsibilities to keep people informed. Who else can take care of these matters? We can say that the young people in rural areas have become rich materially, but poor spiritually. Alas, it may be useless to grumble, but airing my grievances makes me feel much better.

National Conference Discusses Agriculture
HK081032 Beijing RENMIN RIBAO in Chinese
6 Feb 88 pp 1, 2

[Article by RENMIN RIBAO reporters Xiao Junxi (5618 01933556) and Huang Caizhong (7806 1752 1813): "Promote New Development of Agriculture, Achieve Steady Growth Through Increasing Vitality—Sidelights on the National Agricultural Work Conference"—passages in boldface as published]

[Text] The annual National Agricultural Work Conference opened in an atmosphere different from the past.

The 13th party congress placed agriculture in an extremely important position, saying that "the steady growth of agriculture and the improvement of the production structure in rural areas are the foundation for steady, long-term development of the entire economy";

The just concluded 24th Session of the 6th NPC Standing Committee listened to a report delivered by He Kang, minister of agriculture, animal husbandry, and fishery. The members of the Standing Committee unanimously affirmed the steady growth of the rural economy in 1987. At the same time, they sternly criticized the recent tendency of neglecting agricultural production;

The statistical department presented new figures to the Standing Committee members: In 1987 grain output exceeded 400 billion kg, 10 billion kg more than the previous year, and cotton output reached 4 billion kg. However, the demands for principal farm produce exceeded supply, and meat, eggs, and sugar were rationed in some large and medium-sized cities.

... [ellipses as published]

New problems to be reckoned with emerged in agricultural production, drawing the delegates' attention. They focused their attention on how to further promote the sustained, steady growth of agriculture. They collected the information provided by various localities, realized that the people of the whole nation were discussing agriculture proceeding from the discussion of the small vegetable basket, and drew the conclusion that "to stabilize the economy, it is necessary to first stabilize agriculture." As agricultural workers, the delegates were worried as well as excited over the issue. With the concerted efforts of the whole nation to support agriculture, there will be hope for placing agricultural development on an extremely important position and promoting agricultural production to a new level.

Agriculture has advanced amid the deepening of reform and the situation is good. Taking agriculture as the foundation should be a long-term task. When the question of food and clothing is basically solved and when agriculture has developed remarkably, it is still necessary to attach great importance to agriculture.

The whole society should be concerned over the question regarding the position of agriculture. At the beginning of the conference, the delegates discussed the situation and raised the question as if by prior agreement. They said that agriculture, which achieved tremendous successes in the first step of reform, has advanced in the course of deepening reform and the situation is good. The fluctuations in agriculture over the past 2 years are a phenomenon resulting from the shift to a new stage in the commodity economy. It is neither a crisis in agriculture nor a fault of reform. Thus, it is necessary to analyze the problems existing in agriculture.

The delegates said that taking agriculture as the foundation should be a long-term task. When the question of food and clothing is basically solved and when agriculture has developed remarkably, it is still necessary to attach great importance to agriculture.

Whether we attach due importance to agriculture will produce different results. Over the past 2 or 3 years, grain and meat have been in short supply in a number of localities. However, some provinces and autonomous regions, such as Xinjiang, which reaped all-round harvests for 10 years running, could allocate large amounts of grain, cotton, edible oil, and sugar to other provinces and still leave sufficient supplies for themselves. Sichuan has a large population, but it has had an ample supply of pork. The production of live pigs has increased for 11 successive years in the province, and a total of 50.35 million pigs were slaughtered in 1987, an increase of about 100 percent over 1978. How has Sichuan been able to do this? The essential experience is that the province has attached due importance to agriculture with reliable policies. When many localities abolished the policy of preferential treatment toward pig breeding, Sichuan's policy of awarding grain and fodder to the pig breeding households that overfulfilled their quotas remained unchanged. Moreover, preferential treatment increased to some degree. The delegates said that all this could not be achieved unless agriculture is placed in a proper position and without a cool appraisal of the rural situation.

The delegates said that the current short supply of principal farm and animal by-products is mainly due to the relatively slow development of agriculture and excessive consumption. However, we cannot attribute everything to the contradiction between supply and demand. Take the production of live pigs, for example; there was a shortage of pigs in 1984 which was later solved. First, there were difficulties in selling pigs and the purchase price was forced down; then the situation turned for the better in 1985 after the restrictions on purchases were lifted. When the number of pigs increased in 1985, the

purchase price again was forced down. Consequently, the peasants either buried or killed their small pigs and sows. All localities were aware of this "phenomenon," but did not grasp the "essence." The problem cropped up because they did not adopt prompt measures. By looking back and summing up experiences, the delegates realized that "we cannot think of breeding pigs when pork is rationed." Agriculture is an extremely important basic industry in the national economy, and its basic position should remain firm at all times.

Agriculture can develop steadily only when it is invigorated. Agriculture can be invigorated only when the peasants' enthusiasm is aroused. To arouse the peasants' enthusiasm, it is necessary to follow the law of value, pay attention to the peasants' feelings, and care for their interests.

"The peasants now have the duty to farm, but they do not have many rights to distribute their products." "A jin of sugarcane is cheaper than a jin of grass, and a jin of grain or sugar is cheaper than a jin of vegetables." "We cannot afford to buy chemical fertilizers, to use plastic sheeting, and to grow crops"... [ellipses as published] These complaints were raised at the panel discussions of the conference. A delegate from Jilin said: We should take note of the peasants' feelings while talking about the situation and tasks. However, we have treated the matter with indifference. This merits attention.

It should be noted that some principal farm and sideline products again are under control and the prices are too low. The number of products on which restrictions were lifted in the past and which are now under control again has increased. The annual quota of 50 billion kg of grain purchased by the state remains unchanged. However, the quota is increased at every level before it is assigned to the peasants. The "double track system" of "fixed quotas and flexible prices" has not been realized. The portion of fixed quotas has increased while that of flexible prices has decreased or rigidity is applied to both. The contract purchase quotas of a number of grain-producing provinces are higher than the state purchase quotas in the past. The state purchase quotas assigned to Hubei in the past were 1.75 billion kg, but now the contract purchase quotas have topped 2.9 billion kg. The figure would be still higher if the extra quotas that are added by every level were taken into account. Other farm and sideline products, including hemp, sugar, tea, silkworm cocoons, pork, and eggs, are either totally or partially under control. How can it be regarded as a commodity economy when there is no market for principal farm and sideline products? The peasants say: "We cannot grow things that can make money and what we have grown is worthless." How can we thus arouse the peasants' enthusiasm?

The delegates expressed the belief that the consequences of extending the monopoly on the purchase of farm and sideline products will be grave. First, the peasants'

income will decrease by a big margin. Take grain, for example. If the peasants have to sell another 10 billion kg of grain at the original price after fulfilling the contract quotas, they will get 2 billion yuan less calculated according to the price difference of 0.2 yuan per kg. Second, monopoly purchases usually lead to inflexibility and less output. In 1986 there was an ample supply of pork in Jilin following the restrictions lifted on the market for live pigs. Not long afterward, the price of fodder increased and the profits of the peasants engaged in pig breeding decreased. Instead of readjusting the policies to support the peasants engaged in pig breeding, the departments concerned resumed the old practice of purchasing pigs by state quotas. The purchase quotas increased from 800,000 to 1 million, and then to 1.2 million. However, the number of live pigs actually purchased decreased, which resulted in a short supply of pork and pork rationing in the cities. Moreover, the peasants' income decreased by 100 million yuan from the price difference. How can they have no complaints?

To develop agriculture, we should rely on the peasants' enthusiasm for production. To arouse the peasants' enthusiasm, we should follow the law of value and never try to apply too many rigid regulations to the prices of farm and sideline products. Agriculture can develop steadily only when it has vitality. Agriculture can be invigorated only when the peasants' enthusiasm is aroused. The delegates of Guangdong and Tianjin introduced their experiences in reform, evoking the admiration of the delegates from other localities. Guangdong applied the method of "fixed quotas and flexible prices" to grain, gradually increasing the portion of "flexible prices" every year and decreasing "fixed quotas" from 2.4 billion kg to 2 billion kg in 1987. The price of grain also went up every year and increased to 1.03 yuan for the contract purchase of every 50 kg of grain, arousing the peasants' enthusiasm for growing grain to a certain extent. Of the 3.5 billion kg of grain to be allocated by the state to Guangdong every year, except for 1.5 billion kg allocated by the state and localities according to the plan, the remainder is purchased and marketed without restriction, which can benefit both sides.

The guarantees of material conditions and relevant input are necessary to increase agricultural output. The imbalance of industry and agriculture deserves attention. More efforts should be made to invigorate agriculture.

The resolution of the 3d Plenary Session of the 11th CPC Central Committee on gradually increasing input into agriculture in the years to come remained fresh in the memory of a number of delegates. To increase investment in agriculture has been a question repeatedly appealed in recent years. The fundamental motivating force of agricultural development lies in the inherent vitality of agriculture. However, we cannot neglect the declining trend in investment. The delegates said that China's investment in agriculture has decreased annually

since 1985. Over the past 29 years investment in agriculture accounted for an average of 11.9 percent of the state's total investment in capital construction. In 1986 the proportion dropped to 3.3 percent, an investment level seldom in the world.

The declining industry for farm purposes and the extremely short supply of farm materials constitute another striking phenomenon. The delegates listed a number of shocking facts: Hebei had 79 phosphate fertilizer plants in the past, now normal operation is maintained in only 30 or so plants; Hubei used up all the pesticide in stock and last year the province had to take out the pesticide stored during the 1970's to meet an urgent need; in the north the price of plastic sheeting increased from 3,600 yuan to over 8,000 yuan per ton, a total of 500 kg of maize had to be produced from a mu of land to pay for the plastic sheeting; in Jilin 100,000 kg of maize had to be sold to be able to purchase a caterpillar tractor... [ellipses as published] The delegates said that it would be impossible to take a solid step with one leg of the national economy thick and the other thin.

Naturally, investment in agriculture, like readjusting the price of farm produce, should be made in light of the state's financial capacity. As the foundation of China's industry for farm purposes is weak, it will be impossible to ease the short supply in capital goods for farming overnight. The delegates showed their understanding of the matter and made no complaints. They realized that the party and government have paid close attention to agriculture, thus improving the external environment. Hence, they should do their utmost to stimulate the initiative of the peasants, invigorate agriculture, and fulfil this year's plan of increasing production.

A delegate from Hebei said with full confidence: "So long as there is an ample supply of farm materials, we will certainly be able to promote Hebei's agriculture to a new level." He made a careful calculation from the angle of increasing the efficiency of agriculture: We can save 10 percent of the fuel consumption, increase the water pumped with irrigation machines by 20 percent, and increase the utilization of chemical fertilizer through rational and deep application, which is tantamount to an increase of 2 million tons of chemical fertilizers. Now they are sending one to two-thirds of the scientific and technological personnel to spread science and technology in rural areas. The delegates of other provinces also had their own plans and were confident of fulfilling this year's agricultural production quotas.

A new step will be taken in China's agriculture in the new year.

Government Improves Welfare Facilities

OW041144 Beijing XINHUA in English 1249 GMT
3 Feb 88

[Text] Beijing, February 3 (XINHUA)—China has made great efforts to improve its welfare facilities and projects over the past few years, said an official from the Ministry of Civil Affairs today.

"By the end of last year," he said, "welfare hostels numbered 37,000, fourfold the number in 1978. They accommodate over half a million people, including the aged, handicapped and orphans."

The official also said that the country has also seen the establishment of 24,000 welfare enterprises, 27 times the number in 1978.

The enterprises offer working opportunities for 385,000 handicapped people and have turned out a total output value of nine billion yuan and a profit of 896 million yuan in the past few years, which in turn helps promote welfare projects.

"The projects have benefited 17 million poor families," the official said, adding that since 1978, the state has issued welfare and relief funds totalling 6.9 billion yuan.

Most Teachers Support Pay Increase Decision
OW051415 Beijing XINHUA in English 0156 GMT
5 Feb 88

[Text] Beijing, February 5 (XINHUA)—Most teachers in primary and high schools and nurseries have responded favourably to the recent State Council decision to raise their salaries by 10 percent.

But over a third feel the new payment, which goes into effect this summer, is still on the low side, according to the State Statistics Bureau.

A recent survey of 300 teachers in Shanghai revealed that 21.7 percent believed that the salary adjustment would help offset the rise in prices but 33.9 percent still thought their salaries were lower than those in other professions, "CHINA DAILY" reported.

About a quarter of those surveyed said that the rise in the salary could encourage teachers to stay in their present careers, and half said their living standards would be improved.

Some 40 percent were happy to see their social status rising and said the salary increase would make teaching more attractive.

The paper noted that teachers of different ages responded differently to the salary increase with the over 45's pleased because their basic salary is higher than that of younger teachers.

Citing teachers' comments on work and life in general, the bureau said 89.7 percent were satisfied with their work but 12.6 percent expressed the fear that their social status was lower than before.

The bureau warned that nearly one third of primary and high school teachers wanted to change their jobs, mainly because of the comparatively low standard of living and the high responsibilities.

About a quarter of family members surveyed were against having one family member engaged in teaching, the bureau said.

The bureau has urged the government to take stronger measures to give social and material guarantees to ensure a steady growth in the number of teachers.

It cited the wish of the majority of teachers to see their careers become more respected and admired.

East Region

Li Guixian Wants Anhui to Accelerate Reform
*OW080525 Beijing XINHUA in English 0150 GMT
6 Feb 88*

[Text] Hefei, February 6 (XINHUA)—An Anhui provincial leader said that he wants his province to speed up its opening and reform so as to catch up with the advanced provinces in the country.

Li Guixian, secretary of the provincial Communist Party committee, told a conference of 10,000 officials Friday [1 Feb] that the province has to take bigger and bolder steps to achieve this goal.

"We have to admit that we have lagged behind others and have to change the situation. So we have to open our doors wider to attract more domestic and foreign investors and fully tap local resources," he said.

More rural enterprises should be established in this regard, he added.

"We encourage ordinary people to pool their money to run enterprises and try whatever means to attract outside funds, and issue shares and bonds to make funds circulate faster," he said.

Li also promised to delegate more power to governments at lower levels to bring their initiative into fuller play.

Jiangsu's Han Attends Military Region Meeting
*OW071116 Nanjing Jiangsu Provincial Service
in Mandarin 2300 GMT 3 Feb 88*

[From "News and Press Review" program]

[Text] The Nanjing Military Region sponsored a meeting yesterday afternoon for leading members of military and government departments to usher in the Year of the Dragon. The meeting hall was imbued with a festive mood as leading comrades of the military region, Jiangsu Province, and Nanjing gathered to renew their friendship.

Xiang Shouzhi, commander of Nanjing Military Region; Han Peixin, secretary of the Jiangsu provincial party committee, and chairman of the Standing Committee of the Jiangsu Provincial People's Congress; and Zhang Yaohua, secretary of the Nanjing municipal party committee, addressed the meeting.

On behalf of the party committee, leading organs, and officers and men of Nanjing Military Region, Commander Xiang thanked leading departments of Jiangsu and Nanjing and people throughout Jiangsu for their energetic support to the military region.

Representing the people of Jiangsu, Han Peixin extended cordial regards to the leading authorities of the military region and to all PLA units stationed in Jiangsu. He

congratulated the military region for its gratifying successes in military training and various other fields. He wholeheartedly thanked the military region for its great support for Jiangsu's economic development in general, and key construction projects in particular.

Present at the meeting were leading comrades of Nanjing Military Region, Jiangsu Province, and Nanjing Municipality. They were: Fu Kuiqing, Guo Tao, Jiang Yutian, Jiang Min, Liu Lunxian, Yu Yongbo, Sun Han, Chen Huanyou, Sun Jiazheng, Zhou Ze, Chu Jiang, Li Zhizhong, Ling Qihong, Yang Yongyi, Zhang Xuwu, Li Shouzhong, Wu Xijun, Luo Yunlai, Tao Kemin, Wang Yongmin, Lei Yu, Wang Dalan, Zhen Sheng, Yue Dewang, Bao Zhonghua, and Dai Shunzhi.

Shandong's Liang Attends Congress Presidium
*SK060343 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 4 Feb 88*

[Text] The presidium of the first session of the seventh provincial People's Congress held its sixth meeting at the Nanjiao Hotel on the afternoon of 4 February. Liang Buting, executive member of the presidium, presided over the meeting. The meeting heard a report given by the secretariat of the session on how deputies discussed the namelists of candidates for chairman, vice chairmen, and secretary general of the Standing Committee of the provincial People's Congress, provincial governor and vice governors, president of the provincial Higher People's Court, and chief procurator of the provincial People's Procuratorate, and the draft electoral methods.

Over the past few days, deputies have held earnest and animated discussions on the namelists of the candidates decided on and recommended by the provincial party committee for elections at the session. They said: Elections of the leading bodies of the provincial People's Congress and the provincial government are a very important issue. We are determined to cast our sacred ballots with a spirit of high responsibility, and elect the leading persons we are satisfied with.

The deputies discussed the namelists recommended by the provincial party committee, and submitted by the presidium to the session for discussion. They aired their views freely in a democratic atmosphere, and nominated four candidates for vice chairmen of the provincial People's Congress Standing Committee, and six candidates for provincial vice governors in line with the stipulations of relevant laws. Due to the limited number of excessive candidates for elections with more candidates than posts as stipulated in the electoral law, the presidium decided to submit the names of the candidates for vice chairmen of the provincial People's Congress Standing Committee and provincial vice governor nominated by the deputies, and the namelists prepared by the

presidium to the session together for discussion. Preliminary elections will be held to elect the candidates for vice chairmen of the provincial People's Congress Standing Committee and provincial vice governors.

The meeting approved the method concerning preliminary elections of candidates for vice chairmen of the seventh provincial People's Congress Standing Committee and provincial vice governor, and a decision on adjusting the schedule of the session. It heard an explanation on revisions of the government work report, and approved through discussions, draft resolutions of the first session of the seventh provincial People's Congress on the government work report, on approving the Shandong Provincial 1988 economic and social development draft plan, on the fulfillment of the Shandong Provincial 1987 budget and on its 1988 budget, on the work report of the Shandong Provincial People's Congress Standing Committee, on the work report of the Shandong Provincial Higher People's Court, and on the work report of the Shandong Provincial People's Procuratorate.

Shandong Elects New Congress Leaders
SK070512 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 6 Feb 88

[Text] The first session of the seventh provincial People's Congress held its fifth meeting in the Zhenzhuquan Auditorium of Jinan City on the morning of 6 February. They elected a chairman, vice chairmen, and a secretary general of the provincial People's Congress Standing Committee; a governor and vice governors; the president of the provincial Higher People's Court; and the chief procurator of the provincial People's Procuratorate.

Li Zhen was reelected chairman of the provincial People's Congress Standing Committee and Jiang Chunyun was elected governor of the province. Lu Hong, Xiao Han, (Wang Shufang), Xu Jianchun, Lin Ping, (Deng Chengkui), Xu Sen, (Lin Xingxin), Li Ye, and (Ma Jitao), were elected vice chairmen of the provincial People's Congress Standing Committee. (Qi Xiemeng) was elected secretary general of the provincial People's Congress Standing Committee. Ma Zhongchen, Ma Shizhong, Tan Qinglian, (Zhao Zhihao), and (Li Chunping) were elected vice governors of the province. Meng Zhaoju was elected president of the provincial Higher People's Court.

The chief procurator newly elected at the meeting of the provincial people's procuratorate should be approved by the NPC Standing Committee.

Lu Maozeng, executive chairman of the session's presidium, presided over the meeting on the morning of 6 February.

Zhejiang Congress Elects Provincial Officials
OW050845 Hangzhou Zhejiang Provincial Service
in Mandarin 1000 GMT 2 Feb 88

[Excerpts] The first session of the seventh provincial People's Congress held its sixth general meeting this afternoon. The meeting elected seven vice chairmen and one secretary general of the provincial People's Congress Standing Committee, and four vice governors. Wu Zhichuan, executive chairman of the session, presided over the meeting. [passage omitted]

Wu Minda; Wu Zhuchuan; Li Yuhua, female; Wang Qidong; Zhu Zuxiang; (Wang Yumin); and Yang Bin were elected vice chairmen of the Seventh Zhejiang Provincial People's Congress Standing Committee. Yang Bin was elected concurrently secretary general.

Xu Xingguan, Wang Zhonglu, (Cai Zongyue), and Li Debao were elected vice governors of Zhejiang Province.

Other executive chairmen attending the meeting were Wang Qidong, Wang Yumin, (Liu Zhaoen), Yang Bin, Song Ruifu, Zhou Feng, (Zhou Hongchang), (Hu Xuewei), (Xi Songlin), and (Cheng Busheng).

Xue Ju Attends Zhejiang Army-Government Forum
OW071112 Hangzhou Zhejiang Provincial Service
in Mandarin 1000 GMT 6 Feb 88

[Excerpt] The 1988 new year and Spring Festival army-government forum was held this morning at (Xizi) Hotel. Leaders of Zhejiang Province and Hangzhou City including Xue Ju, Shen Zulun, Chen Fawen, Luo Dong, Liu Xinzeng, Tie Ying, Chen Anyu, Xu Xingguan, Shang Jingcai, and (Wu Renyuan) attended the forum. Leaders of army, navy, and air force units, the Armed Police Corps, and the reserve division in Zhejiang including Wang Jiying, Li Qing, Li Jisong, (Wang Qingyang), (Lu Chubai), (Wang Yongguo), Ren Chengshen, Cheng Zhaoфу, (Li Buxing), and (Tan Yanlai) also attended.

Comrade Xue Ju presided over the meeting. He said: This is the year of the dragon. As the new year approaches, I would like to extend new year greetings to the leaders of the three services stationed in Zhejiang on behalf of the provincial party committee and people's government. I wish you all a happy new year and good health. In the past year soldiers of the three services stationed in Zhejiang have taken an active part in promoting the two civilizations, alongside local authorities, and have made great contributions. Local departments have worked in supporting the army and giving preferential treatment to families of soldiers and fallen heroes. However, what has been done is not enough, and I hope that you will offer more suggestions on our work. [passage omitted on remarks by unnamed military leaders].

Central-South Region

Kowloon, Shenzhen Crackdown on Smuggling
*OW070211 Beijing XINHUA in English 0706 GMT
6 Feb 88*

[Text] Shenzhen, February 6 (XINHUA)—The Kowloon customs has been cracking down on smugglers recently, with the help of the Shenzhen police force.

"We have smashed five smuggling rings and detained more than 10 suspects. We have also confiscated several fake customs seals," a customs official said.

The cases involved imported cloth which had been evading customs duties.

The customs department has added a new telephone "hotline" specially for informants, he said.

Guangxi's Chen on Strengthening Party Building
*HK060756 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 4 Feb 88*

[Excerpts] A 3-day regional conference to exchange experiences gained by advanced party branches and outstanding party members in carrying out work concluded today in Nanning. The conference commended 92 advanced party branches, advanced party organizations in the grass-roots units, and advanced party committees. It also commended 227 outstanding party members. [passage omitted]

Chen Huiguang and Jin Baosheng, secretary and deputy secretary of the autonomous regional party committee, addressed the conference.

In his speech at the conference, Comrade Chen Huiguang discussed ways to strengthen party building during the new historical period. He said: The key to strengthening party building during the new historical period lies in resolving the issue that party affairs must be administered by the party. Fundamentally speaking, to have the party administering party affairs, party organizations at all levels must center on the party's basic line for the initial stage of socialism, constantly strengthen the organizational, ideological, and style building of our party, and build our party organizations into the core of firm and strong leadership over our socialist modernization. Party organizations at all levels must do well in supervising party members and party cadres, particularly leading party cadres, ensure that the ideas and deeds of the vast numbers of party members are in line with the party central authorities, and turn the vast numbers of party members into models in upholding the party's basic line, taking the lead in implementing the party's general and specific policies, observing discipline, abiding by the law, and leading the masses to become rich through hard work.

In his speech, Comrade Jin Baosheng demanded that our party members give full play to their exemplary vanguard role in promoting reform and the four modernizations. [passage omitted]

The Organization Department under the CPC Central Committee was very interested in this conference, and sent Comrade (Zhang Lin) to the conference to give guidance.

Xu Shijie Addresses Hainan Comfort Meeting
*HK060840 Haikou Hainan Island Service
in Mandarin 1100 GMT 3 Feb 88*

[Excerpts] According to HAINAN RIBAO, from 1 to 2 February, a Spring Festival comfort group, led by Xu Shijie, member of the CPC Central Committee and head of the preparatory group for the establishment of Hainan Province, visited Sanya City to salute commanders and fighters of the naval forces stationed in Yulin-Sanya district. [passage omitted]

Xu Shijie addressed a 1 February comfort meeting, saying: The party central authorities and the State Council attach great importance to the establishment of Hainan Province. Recently a central leading comrade personally presided over a conference to study policy issues concerning opening up Hainan to the outside world. According to relevant policies, Hainan's special status will be more special than that of any other special economic zone; Hainan will become China's foremost open region; and Hainan will greatly speed up its development and construction. This year we must do well in studying and implementing the preferential policies formulated for Hainan by the central authorities, give full play to the power of these preferential policies, and promote the development of productive forces in Hainan. At present, Hainan's economic foundation and standards are relatively poor and low, and Hainan has quite a few problems. I hope that all the residents of Hainan Island will not lose sight of their magnificent prospects and that they will also be prepared to wage arduous struggles. [passage omitted]

(Tao Wenhua), deputy head of the comfort group and responsible person from the Hainan administrative regional government, read out publicly a comfort letter on behalf of the preparatory group for the establishment of Hainan Province.

(Yang Yichu), commander of the naval units stationed in Yulin, also addressed the comfort meeting. [passage omitted]

Attending the comfort meeting were (Hong Xingshan), political commissar of the naval units stationed in Yulin; (Wei Zefang), deputy head of the comfort group and deputy secretary of the Hainan Regional party committee; and (Li Herong), responsible person from the preparatory group for the establishment of a new Sanya City at the prefectural level.

On 2 February, the comfort group visited a submarine unit stationed on Hainan Island. The group also visited a Yulin Military District forum of soldiers and civilians to salute commanders and fighters there, and listened to reports on the naval units' (?contributions) to promoting local work.

Starting today, some members of the comfort group will leave for Xisha. Other members of the comfort group will continue to carry out activities on Hainan Island.

Hubei Secretary Addresses Communication Chiefs
HK060744 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 2 Feb 88

[Excerpts] Guan Guangfu, secretary of the provincial party committee, spoke at a 30 January provincial meeting of communications bureau directors. He noted: We must reinvigorate Hubei's communications and transportation. We must also enable our communications and transportation to truly become the (?motive force) of the development of commodity economy and to do a still better job of serving economic construction throughout the province. [passage omitted]

Guan Guangfu said: Our province has many rivers, lakes, and canals. In addition, the Chang Jiang and the Han Jiang pass through our province. We must give full play to our strong points, and attach importance to developing water transport. [passage omitted]

Guan Guangfu said: From now on, while promoting irrigation works, we must pay special attention to promoting water transport. We must guard against promoting irrigation works at the expense of obstructing water transport. [passage omitted]

Attending the meeting were Xu Penghang, vice governor of the provincial people's government, and responsible comrades from relevant departments.

The meeting concluded on 31 January. [passage omitted]

Hubei Attempts To Prevent Economic 'Sagging'
HK070750 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 4 Feb 88

[Excerpts] This year, Hubei is faced with the situation in which credits have decreased. How are we to prevent the economy of our province from sagging and declining? The provincial meeting of presidents of industrial and commercial banks at the prefectural, city, and county levels, which concluded today, put forward four countermeasures.

First, we must make great efforts to readjust and improve the credit structure; act in accordance with the principle of dealing with each case on its own merits and giving priority to the best. We must stress projects that increase the output of light and textile products, raw and processed materials that are in short supply, export commodities, and products for aiding agriculture. We

must also strictly control credits for projects that were started blindly without paying attention to economic returns; and stop giving financial support to small coal mines and factories that are outside the plan.

Second, we must closely integrate the readjustment of the structure of commodity credits with the unfolding of the "double increase and double economy" campaign. [passage omitted]

Third, we must energetically organize bank savings and expand the sources of funds.

Fourth, we must integrate the curtailment of credits with the accommodation of funds. [passage omitted]

Hunan People's Congress Session Concludes
HK080207 Changsha Hunan Provincial Service
in Mandarin 0100 GMT 8 Feb 88

[Excerpts] The First Session of the Seventh Hunan Provincial People's congress victoriously concluded on 7 February after completing all its agenda. [passage omitted] Executive Chairman Jiao Linyi presided at the closing ceremony. The other executive chairmen present included Mao Zhiyong, Liu Zheng, Liu Fusheng, Sun Wensheng, and Li Tiangeng. [passage omitted] Also present was NPC Standing Committee Vice Chairman Wang Renzhong, who is currently inspecting work in Changsha. [passage omitted]

Hunan Radio Discusses Gifts to Superiors
HK060916 Changsha Hunan Provincial Service
in Mandarin 0100 GMT 4 Feb 88

[Article by station contributing commentator: "Put a Stop to the Unhealthy Trend of Sending Gifts to One's Superiors"]

[Text] The Spring Festival is drawing near, and people are busy doing Spring Festival shopping. Some district and township leaders in rural areas are busy making arrangements for demanding things from subordinate units: You get fish, he gets chickens, so-and-so is responsible for getting pork and mutton, and so-and-so is responsible for getting beef and dog meat. Finally, it is decided that these things should either be contributed by the grass roots or should be bought with public funds. These things will then be treated as gifts and sent to county towns or the prefectural and provincial capitals. This is really an unhealthy trend. Why does not this unhealthy trend die out despite repeated suppression? Why is this unhealthy trend actually growing in intensity? One of the reasons is that (?cadres) in the grass-roots areas want to fawn on and curry favor with their superiors. However, the major reason is that some people with power are fond of promoting their own materialism: If you send me gifts, I can help you get promoted, allow you to be transferred to another post, and make things convenient for you to have your requests granted. If a

lecher sends me gifts, I can allow such a lecher to get rapid advancement in his career, and can even make things convenient for the lecher's unit. If you do not send me gifts, I will not promote you to a higher or important position, allow you to be transferred to a post in an urban area, or help you solve your spouse's residence registration problem, or grant any new credit to your area, and I will not grant your area's commodity grain target request.

The above measures adopted by such people with power are really devastating measures. If individuals suffer losses caused by such underhanded means, they are compelled to suffer in silence as their losses are personal losses created by people with power who have not received gifts. However, if an area or a unit faces official business difficulties and obstructions created by such people with power who have not received gifts, the responsible people in the area or unit with such difficulties and obstructions will be blamed by their colleagues. They would also be criticized by various circles. These responsible people will be unable to express their discomfort, like dumb people bitter herbs. As a result, these responsible people will come to the following conclusion: Gifts are bought with public funds. If I send such gifts for my unit, I can also curry favor for myself. Sending gifts will actually satisfy both sides. Why not go ahead with it?

Due to this logic, many are sending gifts and are actually outdoing one another in sending more gifts.

Of course our organs and departments are duty-bound to help the grass roots solve problems. It goes without saying that our leading cadres are public servants who are duty-bound to handle affairs for the people. If things can only be done successfully through sending gifts, such relations between higher and lower levels, and between organs and grass roots, are actually stinking with dirty deals. Sending gifts to one's superiors is a vulgar, corrupt, and unhealthy trend. This trend is incompatible with the traditional work style promoted by the communist party. This year, and particularly during the Spring Festival, we must put a stop to the unhealthy trend of sending gifts to one's superiors. To prevent the lower level from sending gifts to the higher level, we must criticize and educate leaders in the grass-roots units. We must exhort them to guard against the practice of using public funds for personal use and the practice of exchanging flattery and favors. In addition, we must put the stress on educating those officials with power, and on exhorting them to keep firmly in mind the ancient instruction: "The fundamental principle lies in purging one's mind of desires—the way to achieve success lies in practice." We must also exhort them to be honest and impartial in performing their official duties, and to guard against seeking personal material gain.

Hunan Radio Stresses Emancipation of Minds
HK080243 Changsha Hunan Provincial Service
in Mandarin 0100 GMT 8 Feb 88

[Station commentary: "Stabilize the Economy, Deepen the Reforms, Emancipate the Mind, Clear the way to Forge Ahead—Congratulating the Victorious Conclusion of the First Session of the Seventh Provincial People's Congress"]

[Excerpts] [passage omitted] Stabilizing the economy and deepening reforms constitute the objective requirement of development in China and also in Hunan. Although we have achieved great success in the past 5 years, we must clearly understand that there are still many factors for instability and difficulties in our economic development. Prices have risen too fast, agriculture lacks sufficient reserve strength, and grain production has stagnated. All this requires solution by stabilizing the economy and deepening reforms.

In stabilizing the economy, we must first stabilize and develop agriculture. Stable development of agriculture is the foundation of stable development of the national economy. We must constantly get a firm grasp of this foundation and ensure its vigorous development.

Grain production is a Hunan strong point, and in grasping agriculture, we must first grasp grain. The experiences of many years tell us that whenever we get a good grasp of agriculture and develop grain production, we have the initiative in work and the business of economic construction develops steadily. On the other hand, if agriculture cannot improve and grain harvests are poor, we lose the initiative in work and the development of all work is affected. We must therefore strengthen leadership over agriculture, continue to stabilize rural policies, strive to increase investment in agriculture to boost its reserve strength, and summon up determination to break through the stagnancy in grain production, so as to ensure all-round bumper harvests and the all-round development of the agricultural economy.

In stabilizing the economy, we must in particular get a good grasp of stabilizing prices. To maintain basic price stability, we must increase production, improve supplies, and strive to increase output of agricultural and sideline products, daily necessities, and production materials needed in the markets. [passage omitted]

In stabilizing the economy, we must further emancipate our minds and deepen the reforms. Hosts of facts show that merit for the successes of the past 5 years should be ascribed to emancipating the mind and carrying out reforms. The key to attaining future tasks will also lie in further emancipating our minds and speeding up and deepening reforms. Without emancipating our minds, we could not have the party's line and the series of principles and policies since the 3d Plenary Session of the 11th CPC Central Committee; the rich, vivid, and

fruitful great practice of reform could not have appeared in China; and the flying leap of the 13th National Party Congress in understanding the theory on the initial stage of socialism could not have taken place. Without emancipating our minds, we cannot truly comprehend and grasp the basic spirit of the 13th National Party Congress, and we cannot spontaneously keep in step with this spirit in our practical work. There are no prospects for the four modernizations without emancipating our minds.

We must adhere to the productive forces criterion, respect practice and the creations of the masses, further emancipate our minds, and boost the boldness of the whole nation for exploration and pioneering. We must put reform in command of the overall situation. [passage omitted]

Southwest Region

Xizang To Commend Solidarity Progressives
HK050840 Lhasa Xizang Regional Service
in Mandarin 1130 GMT 4 Feb 88

["Resolution on Choosing Through Public Appraisal and Commending Advanced Collectives and Individuals in Promoting Nationality Solidarity, Adopted by the Xizang Autonomous Regional CPC Committee and Xizang Autonomous Regional People's Government on 3 February 1988"]

[Excerpts] Ours is an autonomous region of minority nationality with very specific characteristics. Safeguarding the motherland's unification and strengthening nationality solidarity constitute the basic guarantee of success in all types of work in our region. [passage omitted]

The autonomous regional party committee and autonomous regional people's government have decided to hold in due course this year an autonomous regional conference to commend progressives in nationality solidarity, with the purpose of summing up and exchanging experiences in implementing the party's policy toward minority nationalities, strengthening nationality solidarity, and promoting prosperity among minority nationalities. [passage omitted]

Our autonomous region will choose through public appraisal and commend a total of 105 advanced collectives and a total of 245 advanced individuals in promoting nationality solidarity. [passage omitted]

Yunnan Leader Views People's Congress Work
HK070317 Kunming Yunnan Provincial Service
in Mandarin 0000 GMT 7 Feb 88

[Excerpts] A 6-day provincial forum on People's Congress work concluded in Kunming yesterday. In line with the spirit of the 13th Party Congress documents, and in connection with the reality of People's Congress thinking and work,

the meeting discussed and studied questions such as how to strengthen People's Congress work and bring into further play the functional roles of the people's congresses and their standing committees. [passage omitted]

The meeting held that in strengthening People's Congress work, it is first necessary to continue to study well the 13th Party Congress documents, spontaneously adhere to one core and two basic points, and regard the development of the productive forces as the fundamental starting point in all work and the criterion for testing our work. The People's Congress should decide on major matters through legislation, lay down in the form of law or system some things that should be established and others that should be changed, supervise all work of the government, and protect and support the effort to promote the development of the productive force, to ensure the smooth progress of reform and opening up, thus making its proper contribution to the province's economic construction. [passage omitted]

Provincial party committee Secretary Pu Chaozhu spoke at the conclusion of the meeting. He said: The first task of local people's congresses this year is to get a good grasp of studying in depth the report to the 13th Party Congress. It is necessary to bring about three changes in the guiding idea for economic work: 1) from leading a natural and semi-natural economy to leading commodity economy; 2) from leading a closed inward-facing economy to leading an open outward-facing economy; 3) from extensive operations run with backward technology and management to intensive operations run by relying on the progress of science and technology and by attaching importance to talent.

Pu Chaozhu also said that the People's Congress shoulders an important task in the state's political life. In order to better exercise their legislative and supervisory powers, the people's congresses must actively support and promote whatever benefits the development of the productive forces and commodity economy, and supervise and correct anything that does not benefit such development.

Nie Ronggui and Liu Shusheng, deputy secretaries of the provincial party committee, and Vice Governor Zhu Kui attended the closing session.

Northeast Region

Heilongjiang's Sun Speaks at Business Forum
SK070310 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 6 Feb 88

[Text] On the afternoon of 6 February, leading comrades from the provincial party and government organs sponsored a forum with a number of model workers and entrepreneurs. During the forum, participating comrades felt that efforts should be made to emancipate

minds and to have the entire situation under control while carrying out the drive to conduct reforms so as to strive to upgrade the province's work to a new standard in 1988.

In voicing his opinions at the forum, (Chi Jianfu), director of the Harbin boiler plant, stated: Since 1985 the yearly average increase for the plant's output value has reached 30 percent and for its profits and taxes has reached 50 percent. Total implementation of state plans for both production and operations has affected the economic results of enterprises.

After hearing his opinions at the forum, Comrade Sun Weiben stated: Your plant, however, has achieved better social benefits. He urged enterprises to further expand their production capability and to consolidate or develop lateral economic associations to promote the development of local industries.

As for the opinions raised by participating comrades on the unreasonable system of material supply, the price hikes of the means of production, and the issue of how to develop an export-oriented economy, the participating leading comrades at the forum have explained or answered all questions.

During the forum, Governor Hou Jie also voiced his opinions in which he stated: The central task in conducting reforms in economic systems in 1988 is to consolidate and develop the economic responsibility system and to correct the price system under the guidance of state policy. Only by dealing with this problem can we make smooth progress in doing many things in other fields.

Northwest Region

Ningxia's Shen Views Construction Company
HK060127 Yinchuan Ningxia Regional Service
in Mandarin 0000 GMT 6 Feb 88

[Text] On 4 February, Ningxia regional party committee Secretary Shen Daren paid a visit to the Ningxia branch of the General Construction Company of China. He went there to see the comrades of work groups about to be dispatched to Egypt, the Yemen Arab Republic, and Kuwait by the regional urban and rural construction department. He extended cordial greetings from the regional party committee to the cadres, engineers, and workers who will be working in foreign countries. He also wished them a happy Spring Festival.

After listening to reports on construction quality, design work, and the mental state of workers in Egypt, the Yemen Arab Republic, Kuwait, and other countries, Comrade Shen Daren said: Ningxia is a Hui autonomous region. The orientation of exporting labor to Middle East countries is correct. The working conditions of those working abroad are also good. We are exporting labor to

those countries not just to increase income but also [words indistinct] to deepen friendly ties with the peoples of the Islamic countries.

Shen Daren said that it is almost inevitable that difficulties of various kinds will be encountered in construction projects abroad. We should [words indistinct] and rely on the reforms to resolve the problems. There are great potentials. So long as we strengthen the unity of the workers, improve quality and economic returns, and reduce input and [words indistinct], we will certainly be able to achieve relatively good economic returns.

In conclusion, Comrade Shen Daren expressed the hope that the Ningxia branch of the General Construction Company of China will [words indistinct]. Leaders should set strict demands on themselves when working abroad, set a good example, and [words indistinct]. Because the workers are far from home, the leaders should take the initiative to care for their daily life, do a good job in ideological work, and strengthen organizational discipline. We should ensure that every word and action of everyone gains glory for the country and for Ningxia.

Ningxia's Shen Daren Stresses Agriculture
HK080317 Yinchuan Ningxia Regional Service
in Mandarin 0000 GMT 8 Feb 88

[Excerpts] Ningxia regional party committee Secretary Shen Daren spoke at the regional agricultural work conference which concluded on 6 February. He stressed that all levels, from the region down to the prefectures, cities, and counties, must further enhance understanding of agricultural production, and in particular, of agriculture as the foundation.

Shen Daren said: We cannot just talk about agriculture being the foundation of the national economy. In our practical work, we must first deepen the rural reforms and increase investment in agriculture. [passage omitted]

Shen Daren said: There are many rural work tasks at present, but the focus should first be on perfecting the two-level management system, and setting up the rural cooperative economic organizations and putting them on a sound basis, especially at village-level, perfecting the contracting system, formulating economic development plans, and firming up the cadre responsibility system. Second, we must get a good grasp of preparations for spring farming, firm up the grain area, and prepare the production materials for spring sowing. [passage omitted]

We must also do a good job in fighting drought and carrying out disaster relief, and make proper arrangements for the masses' livelihood. Relief grain and funds should be distributed according to the needs of each household; we must certainly not indulge in egalitarianism in their allocation. [passage omitted]

Yin Kesheng Attends Qinghai Military Congress
HK060207 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 5 Feb 88

[Excerpts] The seventh party congress of Qinghai Military District concluded in Xining on 5 February after completing all its agenda. Executive Chairman Lu Baoyin presided at the closing session. [passage omitted] After full discussion, the congress elected by secret ballot the 25-member seventh party committee of the military district and the 15-member discipline inspection commission. The number of candidates in the election exceeded the number of positions.

Their session passed a resolution on the work report of the sixth party committee of the military district. The resolution said: Under the direct leadership of the Lanzhou Military Region party committee and the Qinghai provincial party committee, the 6th party committee of the military district resolutely implemented the line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee and the strategic policy decisions of the Central Military Commission. It also led the units of the military district and the militia and reserve to victoriously fulfill all their major tasks, achieving great success and progress.

The resolution called on all party members and commanders and fighters of the military district to take the spirit of the 13th Party Congress as their guide, adhere to the party's basic line, further emancipate their minds, and persevere in reforms and pioneering. In close connection with the reality of the military district, they should resolutely implement the policy decisions of the Central Military Commission on reforms in the armed forces, seriously do a good job in militia and reserve service work, strengthen the all-round building of the party committees, the organs, and the units, strive to make a success of production operations, strengthen unity, and work hard in concert to fulfill the tasks for 1988. [passage omitted]

Yin Kesheng, secretary of the provincial party committee and first secretary of the military district party committee, congratulated the congress on its success. He exhorted the party members and the whole body of commanders and fighters of the military district to score still greater achievements in the new year.

Yin Kesheng Attends Qinghai Police Meeting
HK070457 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 6 Feb 88

[Excerpts] The fifth enlarged plenary meeting of the Qinghai Armed Police Corps party committee decided that in 1988 it is necessary to take the 13th National Party Congress spirit as the guide, speed up and deepen

the reforms, and achieve all-round improvement of the police units' military and political qualities and operational capability. [passage omitted]

The meeting held that, to fulfill the glorious tasks assigned the armed police by the party and people, it is necessary to further update concepts and do a good job in reforms in duties, facilities, and training. It is also necessary to step up and reform ideological and political work and eliminate defects in this work. [passage omitted]

Yin Kesheng, secretary of the provincial party committee, and (Tang Zhengren), member of the Standing Committee of the provincial party committee, attended and spoke at the meeting. They praised the contributions of the armed police units in economic construction and public order in Qinghai and exhorted the commanders and fighters to achieve still greater success in the new year.

Zhang Boxing Visits Shaanxi PLA Guard Company
HK060217 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 6 Feb 88

[Excerpts] Shaanxi Provincial CPC Committee Secretary Zhang Boxing yesterday morning visited the commanders and fighters of the guard company of the provincial military district. He first outlined to the cadres and fighters the province's performance in reforms and industrial and agricultural production. He also extended festival greetings to them on behalf of the provincial party committee and government. [passage omitted]

New Leaders Elected in Xinjiang Congress
OW050419 Beijing XINHUA Domestic Service
in Chinese 1425 GMT 28 Jan 88

[Text] Urumqi, 28 Jan (XINHUA)—The First Session of the Seventh People's Congress of Xinjiang Uygur Autonomous Region reelected Ake Niyazi [7093 0344 1441 3660 1320] (Uygur nationality) chairman of the congress' Standing Committee.

Li Jiayu, Caodanuo Fuzhayier [2580 6671 6179 1133 2089 5030 1422] (Uygur nationality), Mayinuer Hasimu [3854 0181 0505 1422 0761 2448 2606] (female, Uygur nationality), Chen Xifu [7115 6007 1133], Mahsud Deipov (Uygur nationality), Xiaer Xibieke Sidike (Kirgiz nationality), Zhang Shaopeng, Kuerban Ali [1655 1422 3803 7093 6849] (Kazak nationality), Abududureyimu Litifu [7093 0008 6757 6757 3583 5902 2606 0500 2251 3940] (Uygur nationality), Ma Mingliang (Hui nationality), Yu Peng [6079 7720], and Tuerbayier [0685 1422 1572 5902 1422] (Mongolian nationality) were elected vice chairmen.

CPC Official Entertains Taiwanese in Beijing
HK051438 Beijing ZHONGGUO XINWEN SHE in Chinese 1413 GMT 3 Feb 88

[Report: "Yan Mingfu Indicates that the CPC Is Willing To Discuss National Affairs with Taiwan People in All Circles"]

[Text] Beijing, 3 February (ZHONGGUO XINWEN SHE)—Yan Mingfu, secretary of the CPC Central Secretariat and director of the CPC Central United Front Work Department, today said that the CPC policy for the motherland's peaceful reunification would not change and that the CPC is willing to discuss national affairs with Taiwan people in all circles. He hoped that the Taiwan authorities would make new efforts for the relaxation of relations between the two sides of the strait.

The CPC Central United Front Work Department tonight gave a New Year's reception in honor of the more than 100 Taiwan compatriots who had come from Taiwan or overseas areas and had settled in Beijing. Yan Mingfu made clear the above-mentioned position at the reception.

When talking about the reunification issue, Yan Mingfu said that major changes had occurred in Taiwan's situation in the past year. The Taiwan authorities rescinded the 38-year-long martial law and relaxed control over peoples' visit to their relatives on the mainland. This was in line with the wishes of the people on both sides and

was also in line with the inevitable tendency of historical development. We are glad to see this tendency in Taiwan's situation which we consider to be good and favorable to the motherland's reunification.

He said that CPC Central Committee General Secretary Zhao Ziyang reiterated not long ago that the CPC's policy for peaceful reunification would not change. He said that we hope that the Taiwan authorities will make new efforts for the relaxation of relations between the two sides of the strait, and at the same time, we are willing to discuss national affairs with Taiwan people in all circles so as to accomplish the great cause of reunifying the motherland and developing the Chinese nation. We also hope that with the continuous development of exchanges between the two sides in various fields, Taiwan people will have more understanding of the mainland and the principles of peaceful reunification and "one country, two systems" so that they can make positive contributions to the realization of the motherland's reunification and the principle of "one country, two systems." He also praised the Taiwan compatriots who had settled in Beijing for their hard work and positive contributions to the country's economic construction and reunification.

The reception had a joyful atmosphere. NPC Standing Committee Vice Chairman Peng Chong and CPPCC Vice Chairman Yang Jingren also attended the reception.

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